SME COMPETITIVENESS OUTLOOK 2019

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Financing the Sustainable Development Goals

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International Trade Centre

TRADE IMPACT FOR GOOD

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Big money for small business

Financing the Sustainable Development Goals

About the report

Increasing annual investments in small and medium-sized enterprises by $1 trillion would yield disproportionate dividends in terms of progress towards the Sustainable Development Goals. These investments also have the potential to deliver healthy returns for investors.

To boost investment in developing country small firms, this report finds that stronger investment facilitators (actors which connect firms to investors) are key. Other major findings: bundling investments for small firms into large packages helps scale up financing; disseminating information on small business credit performance improves risk assessments; and helping these firms to be investor-ready improves their commercial viability.

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Acronyms

Unless otherwise specified, all references to dollars ($) are to United States dollars.

FDI	Foreign direct investment
GDP	Gross domestic product
IFC	International Finance Corporation
MSME	Micro, small and medium-sized enterprise
OECD	Organisation for Economic Cooperation and Development
SDG	United Nations Sustainable Development Goal
SME	Small and medium-sized enterprise
UNCTAD	UN Conference on Trade and Development
WTO	World Trade Organization

Foreword

The United Nations Sustainable Development Goals (SDGs) remain an important ingredient in achieving the world we all want by 2030.

A key component of this is financing the SDGs – but for many of us, the world of global finance has been challenging to understand and difficult to navigate. Part of this stems from its sheer size: asset managers manage tens of trillions of dollars globally, and hundreds of billions of dollars are traded on stock exchanges daily. But another hindrance has been the sometimes impenetrable language used by its experts and the distance between the world of global finance and the daily life of most individuals and businesses.

The work of the International Trade Centre (ITC) often intersects with the world of finance – or rather the world of 'lack of finance'. It is not unusual for the small and medium-sized enterprises (SMEs) that we work with to have challenges accepting a large order, because they are unable to borrow a few thousand dollars to invest in scaling up production. We frequently work with start-ups that have excellent business ideas, yet are unable to find the funding required to turn these ideas into reality. For every such business that cannot secure the financing it needs, an opportunity is lost to make a contribution to the SDGs.

This is the case because SMEs have tremendous potential to make an impact on the SDGs through the employment they generate, the business practices they choose to adopt, the sectors in which they operate and their impact on innovation and diversification in the economy. Our analysis suggests that SMEs can make a positive impact on 60% of the individual SDG targets.

The United Nations Finance for Development agenda has the ambition to strengthen synergies between private and public finance, for the benefit of the SDGs. Finance for SMEs is therefore a key element of Finance for Development, which aims to 'leave no one behind'.

This report makes the case that drawing more financing into SMEs in developing countries would yield disproportionate dividends in terms of SDG progress, while delivering healthy returns for investors.

A prospective investor's most basic expectation is a reasonable return. While some SDG-related investments may deliver only social returns, there are incredible opportunities for private-sector development projects to deliver social as well as financial returns. The developing world is full of SMEs with commercially viable business ideas. One estimate puts this market for SME financing at $5.2 trillion.

Yet, investors typically consider SMEs to be risky, and even more so in the developing world. They perceive the macro environment as precarious, and investment processes as non-transparent and unpredictable.

What's more, the weakness of relevant financial intermediaries in most developing countries means international investors lack the business intelligence needed to identify promising opportunities and correctly assess risks.

In this report, we aim to disentangle what it would take to bring the world of global finance a little closer to the world of SMEs. And we describe what governments and multilateral agencies can do to close the information gap that separates foreign investors from local small and medium-sized businesses.

Local financial intermediaries – what the report calls 'investment facilitators' – are critical connectors between global finance and developing country SMEs. The stronger those facilitators are, the easier it is for foreign investors to assess the risks and opportunities of investing in local SMEs. This will not come as a surprise to finance specialists in the development community, who have long lamented the weakness of financial systems in the developing world.

Investing in strengthening investment facilitators like accelerators, investment promotion agencies or local financial institutions would have major multiplier effects.

According to our calculations, generating an additional $1 trillion annually of private investment for SMEs will make major inroads towards achieving the SDGs. This may sound astronomical but would correspond to closing one-fifth of the existing SME finance gap in the developing world. It is also an order of magnitude that is realistic for the global finance community.

At ITC, we have always worked with and through local partners to reach out to SMEs. Our partners, or multipliers as we call them, include trade promotion agencies, chambers of commerce and sector associations. As export-ready businesses are typically also investment-ready, we increasingly work with local accelerators and investment promotion agencies. By strengthening these partners and their networks with the knowledge of local SMEs, we contribute to making trade and investment happen.

Working through local investment facilitators is effective and contributes to national ownership. It represents the best mechanism for scaling up investment, which is necessary to transform the slogan '*Big Money for Small Business*' into reality, and make a tangible contribution to achieving the Sustainable Development Goals.

Arancha González
Executive Director

Executive Summary

Big Money for Small Business: Financing the Sustainable Development Goals

$1 trillion per year would have major impacts on achieving Sustainable Development Goals while generating profits for investors.

Increasing annual investments in small and medium-sized enterprises (SMEs) in developing countries by $1 trillion would yield disproportionate dividends in terms of progress towards the Sustainable Development Goals (SDGs), while also delivering healthy returns for investors. Yet, less than 1% of the tens of trillions of dollars that global asset managers have under management is currently invested in developing country SMEs. *Big Money for Small Business* explains how best to scale up private sector investment in developing country SMEs for sustainable development impact.

SMEs contribute to the SDGs through the employment opportunities they generate, the business practices they choose to adopt, the sectors in which they operate and the impact they have on the broader economy.

Their relevance is underscored in the United Nation's (UN) 2030 Agenda for Sustainable Development, which calls on the international community to 'encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.'

According to the *SME Competitiveness Outlook 2019*, lack of scalable SME investment projects
and knowledge about enterprise capacities, as well as challenges in matching SMEs and investors, are holding investors back from channelling more funding into otherwise profitable investment opportunities in developing countries.

The key questions addressed in this report include:

- How important is SME finance to achieving the 2030 Agenda for Sustainable Development?
- Why is finance for SMEs in developing countries considered a risky investment, and what can be done to reduce risk and risk perceptions?
- Who are the international investors financing start-ups and SMEs, and what are their approaches?
- What can policymakers do to bridge the gap between the supply of finance from international investors and the demand for finance from developing country SMEs?

1. Investing in small businesses for sustainable development

ITC analysis shows that investments in SMEs can contribute to 60% of the 169 SDG targets.

Small businesses in developing countries contribute to the SDGs through four main channels: employees; business practices; sectors; and national competitiveness. ITC analysis shows that through these channels, investments in SMEs can contribute to 60% of the 169 SDG targets. SDG 8 and 9 stand out among the multiple goals that can benefit from strengthened SMEs.

Link between competitive SMEs and achieving the SDGs

- **Employee impacts.** SMEs employ about 60%-70% of the workforce in many countries. Investment that increases their competitiveness can foster decent job creation and have a positive influence on wages, with significant effects for reducing poverty and inequality.
- **Business practice impacts.** How managers choose to run their firms affects environmental and social aspects of surrounding communities. Human resource policies can improve gender equality, for example, while energy-efficient production methods can reduce the environmental footprint.
- **Sectoral impacts.** Small businesses in the sanitation, water, health, education, manufacturing, agriculture and energy sectors deliver goods and services that can be crucial to providing the basic needs at the heart of the SDGs.
- **National economy impacts.** Value-creating SMEs stimulate backward and forward linkages that can foster competition, innovation, diversification, international trade and growth. Investments in human and physical capital improve productivity and hasten structural transformation.

How investing in competitive SMEs can help achieve the Sustainable Development Goals

Note: Analysis indicates that the SDGs impacted most by SMEs are SDG 8 and SDG 9.
Source: ITC.

$1 trillion to generate decent jobs, support sustainable business

How much additional funding is required to enable SMEs to contribute fully to Agenda 2030? Analysis conducted by ITC indicates that $1 trillion of additional investments in SMEs annually would unleash the potential of SMEs to deliver on the Sustainable Development Goals.

This figure was calculated by benchmarking SME credit supply with respect to SDG performance for key SDGs in developing countries. Analysis indicates that the SDGs impacted most by SMEs are those related to sustainable economic growth and decent work for all (SDG 8) and innovation and sustainable industrialization (SDG 9). Such an increase in financing could help developing countries see a 15-20 percentage point increase in their SDG 8 and 9 index score, with positive ripple effects on other SDGs.

Challenges in mobilizing private sector investment

In 2018 global funds held $1 trillion of cash-in-hand private equity capital that was seeking investment opportunities.

Attracting $1 trillion of additional financing for SMEs in developing countries will be challenging, but it is feasible. This sum is about a fifth of the $5.2 trillion SME finance gap estimated by the International Finance Corporation (IFC) that has the potential to generate positive returns. Moreover, in a world of low interest rates, investors are eager to find investment opportunities with higher returns. In 2017, asset managers had a stock of nearly $80 trillion under management, of which trillions were held by institutions around the world and not yet invested. In 2018, global funds held $1 trillion of cash-in-hand private equity capital that was seeking investment opportunities.

Yet, SMEs across the globe appear to find it increasingly difficult to access finance. Additional challenges exist when it comes to deploying cross-border private investment in SMEs in the developing world.

Part of the problem is the risk private investors face when investing in developing country SMEs. Firstly, investing abroad can entail complex risks linked to foreign transactions and legal procedures. Secondly, investing in developing countries can involve specific macroeconomic, regulatory and political risks. And thirdly, investing in SMEs or start-ups is often riskier than investing in large firms.

Improved investment facilitation can make cross-border investment processes more efficient and thus address the first point. A group of World Trade Organization Members are engaged in discussions to craft international rules in this area, and there are numerous regional and bilateral initiatives to enhance the transparency and predictability of investment procedures.

The need for developing countries to effectively address macroeconomic, regulatory and political risks – highlighted in the second point – is well established. International agencies, such as the Organisation for Economic Cooperation and Development and the UN Conference on Trade and Development, offer countries advice on regulatory reform and relevant macroeconomic policies to attract investment.

This report instead focuses on the practical side of investing. Which investors invest in SMEs, and why? How do investors invest in SMEs, and how do they assess risk? What support do investors need, and who should provide that support? These aspects of investing in SMEs have thus far received little attention at the global policy level. This report seeks to plug that gap and provide policymakers with a strong understanding of what investing in SMEs looks like in practice, and what can be done to scale up investments in SMEs.

2. Investors interested in small businesses

There are three types of foreign investors that commonly invest in SMEs in developing countries: start-up investors; foreign direct investors; and specialized investment funds. Each type approaches investing in developing countries differently.

Start-up investors

Family abroad and foreign wealthy individuals are significant sources of start-up financing.

A broad range of investors invest in start-ups. Finance for these enterprises comes from family and friends, public funds, business angels and venture capitalists over the course of their start-up phase.

Business angels are affluent investors looking to put part of their wealth in promising start-ups. As they tend not to focus solely on making money, the vision an entrepreneur presents can be as important as the prospect of large returns. Business angels sometimes club together into networks to screen start-ups more efficiently. A promising way to increase the amount of capital available to start-ups is to support the creation of these networks in developing countries.

Venture capitalists tend to look for projects with three qualities: a rapidly scalable business model, a sizeable market, and a product that is considerably better than the competition. The dearth of venture capital in developing countries hinders the development of exciting entrepreneurial ideas.

Foreign direct investors

Mature SMEs do not have access to start-up finance, but they may be able to benefit from the $600 billion of foreign direct investment (FDI) that flows into developing countries every year. There are two main types of FDI.

- Direct investment (brownfield investments) can help SMEs get the financing they need to upgrade and expand their activities and diversify their markets.
- Greenfield FDI that is not specifically targeted at SMEs but may source goods and services from local businesses through backward linkages.

These investments – often associated with global value chains – can have positive spillover effects regarding knowledge and technology transfer, support for certification to international standards and access to finance.

Specialized investment funds

A typical SME in a developing country is often seeking early-phase or growth capital of a few thousand to a few million dollars; sums too small for a large international investment fund to manage directly. These funds therefore invest in local financial institutions that have a strong presence in developing countries. In this context, local financial institutions include traditional banks, SME banks, insurance providers, and microfinance institutions.

Local financial institutions can bundle thousands of small loans into larger sums, to build a portfolio big enough to entice investors.

International funds extend loans or buy equity stakes when they invest in local banks, non-bank financial institutions or local funds that serve SMEs in the target developing country.

These local financial institutions have the ability to bundle thousands of small loans into larger sums, building a portfolio of sufficient size to entice large institutional investors. However, to produce competitive returns, these financial intermediaries rely on accurate performance assessments of their SMEs.

Providing high-quality credit information, through increased coverage of public registries for example, can help improve the efficiency of local financial institutions, encouraging more funds to invest in SMEs. New technologies, such as blockchain technology, can play an important role. In addition, creating SME stock exchanges, where feasible, can enable global funds to allocate resources to small businesses in need of capital.

Early challenges in securing investment

All types of investors analyse opportunities by determining whether the expected reward justifies the risk profile. Regardless of whether they prefer to invest in developing country SMEs through debt or equity stakes, investors follow a similar process. This consists of five stages: identifying opportunities; screening pre-selected investment projects; negotiating the final investment deal; managing the investment; and exiting the investment.

In developing countries, many investment opportunities fail due to challenges encountered during the first two stages. In the first instance, investors seeking to invest in developing countries struggle to identify good opportunities. This problem is more acute for the SME sector, where there is a lack of information on which countries and sectors host investment grade businesses.

The screening stage can entail a detailed analysis of an enterprise's market position, supply capacity, use of technology, cost base and potential for growth. Only well-prepared businesses and investment projects are able to pass this stage.

3. Approaches to investing in small businesses

Investing in SMEs is an increasingly attractive proposition to many asset holders. But investors often do not know the best way to engage with SMEs. How should investment funds be channelled into smaller businesses to maximize the sustainable development dividend?

Impact investing is expanding and can benefit small firms

Impact investing is an approach that targets financial and social returns simultaneously. Principles for responsible investment, which can be aligned to SDG targets, increasingly guide investment funds and multinational firms with investment arms. Many start-up investors and a growing number of private equity and investment funds go further by seeking opportunities with a significant impact in addressing societal change.

Recent estimates suggest that the global impact investment market has $502 billion in total assets, with most of these in developed countries. While growing rapidly, this currently only represents a fraction of the yearly estimated shortfall in developing countries' SDG finance for SMEs.

Blended finance for SMEs

Private funds often consider investing in developing countries to be a risky endeavour. One way to mitigate this is through participation of the public sector in the form of concessional capital, technical assistance, risk insurance or design-stage grants.

Known as blended finance, this type of structure combines public and private capital into a single fund where the public investor takes the first loss if an investment fails. Proponents of this type of financing argue that it is a way to attract private capital for

assets that investors may have incorrectly judged as too risky. As a form of subsidy to private investors, the economic justification stems from the correction of this market failure. It is still unclear whether blended finance is working as intended.

Sustainable development bonds

SDG bonds are a relatively new financial instrument created in response to two factors. Investors are struggling to identify opportunities that meaningfully contribute to the SDGs. And many firms are operating in sectors with SDG impacts, and/or incorporating sustainability into their business models.

These bonds bring investors and firms together on global capital markets through fixed income SDG-themed bonds that are accompanied by governance mechanisms to ensure investments go towards SDG-related activities. While most SDG bonds are reserved for institutional investors operating at scale, innovations in the impact investing industry and retail banking are improving their accessibility to other actors and smaller asset classes.

Trade finance: An investment opportunity?

Trade finance facilitates the sale of goods to foreign customers. With an average default rate of just 0.02%, a short duration time and good returns, trade finance is seen by some investors as an appealing investment opportunity.

Institutional investors placed between $7 billion and $25 billion in trade finance in 2018, according to estimates. Approximately 90% of global trade in merchandise benefits from some form of trade financing. However, SMEs face the greatest barriers in accessing this kind of financing.

4. Getting small businesses investor-ready

Financial innovations such as microfinance, mobile money and online banking have helped millions of small businesses interact with the financial sector. However, many SMEs still struggle to get the financing they need to start and expand their businesses. Many SMEs are unaware of the factors that investors consider when deciding whether to invest in an SME. Being ready for investments is thus critical, but what should SMEs do to attract finance?

Strong business plans, quality signals and visibility

Presenting an exciting and enticing investment opportunity is crucial to drawing investors' attention. To do this effectively, smaller firms need to focus on writing an attractive business plan, signalling quality through adherence to standards and increasing their visibility.

Risks that concern investors

Understanding risk from the perspective of private investors can help start-ups and SMEs anticipate concerns that may arise when investors screen investment opportunities. The most important categories of risk include market, operational, financial, regulatory, catastrophe and cyber risks. Various combinations of these risks play a role when investors assess a particular investment. In virtually all cases, small businesses have to convince investors that they are able to assess market and operational risks. The team dynamic in the SME is likely to play an important role in how investors assess these risks.

Getting investor-ready with training programmes

Governments and business support organizations can help SMEs get investor-ready through capacity-building initiatives that bolster the knowledge of small enterprises.

Programmes designed to help managers and entrepreneurs gain the skills they need to assess and mitigate risk are some of the most effective ways to increase the number of investment-ready SMEs.

These initiatives are best provided by sector associations and trade and investment promotion agencies, as well as state and industry-supported programmes in partnership with educational institutions and development organizations.

5. Connecting investors with small businesses

Despite the best efforts of SMEs to find investors, and policymakers' interventions to foster a conducive business environment, all too often investors and SMEs do not find each other. The market regularly fails to match foreign investors with SMEs in developing countries, undermining the prospect of closing the $1 trillion SME-SDG investment gap.

Local investment facilitators exist to correct this matching failure. They connect potential investors with lucrative SME investment opportunities that can promote sustainable development.

Investment facilitators are key

Evidence suggests that SME participation in investment accelerators increases the chances of securing funding by 21% to 41%.

Four types of investment facilitators are discussed in this report: investment accelerators, online investment platforms, investment promotion agencies and local financial institutions.

Accelerators select a few start-ups for an intensive training and mentorship programme. They identify matching opportunities through careful screening of potential start-ups, assessing the entrepreneurs, business plans, and risks and payoffs of investing. They use this information to attract leading investors, including business angels and venture capitalists.

Accelerators in developing countries use a variety of business models. Many are private enterprises that will take equity in the start-up, typically in the 5%–20% range, in exchange for seed investment and participation in their programmes. Some accelerators are public agencies or are partly subsidized by public funding and development grants.

Despite their lower prevalence in developing countries, surveys indicate that accelerators are achieving positive results – for example through increased external investment in accelerated firms. A study of the Start-Up Chile acceleration programme found that participation in the accelerator increases the probability of securing additional financing by 21% to 41%.

Accelerators generally focus on the most immediately profitable and scalable start-ups at the expense of other projects. They therefore only intervene in specific product segments and only during the start-up phase.

Online investment matching is growing rapidly, but two out of three crowdfunding campaigns fail.

Online investment matching is growing rapidly and could deliver large benefits for developing country SMEs that suffer from financial exclusion because of their location. By aggregating money and bringing a bigger pool of investors to bear, crowdfunding sites broaden the investment landscape in developing countries and increase the opportunities to mobilize and match funds for SME business growth.

Despite their promise, online platforms have some shortcomings. Roughly two out of three crowdfunding campaigns fail to mobilize the target investment. Regulations for payments or equity deals conducted online are often absent. And crowdfunding requires consistent, reliable electricity and internet access, which are missing in many developing country contexts.

Effective legal and policy frameworks for data transfer and online payments could increase the volume of funds mobilized on crowdfunding sites for SMEs in the developing world. This is particularly the case for equity and loan-based crowdfunding that have significant potential for growth.

While 84% of investors say that high-quality investment promotion agencies are important, only 13% use their services.

Investment promotion agencies are publicly funded institutions that encourage FDI in the host country. Unlike other investment facilitators, they are active in all steps an investment, from identification to aftercare services, and often try to provide investors with a one-stop investment shop.

Eighty-four per cent of investors surveyed for the IFC's 2017 Global Investment Competitiveness Survey said that high-quality investment promotion agencies are important, but only 13% of investors said that they had actually used such agency services. This suggests that investment promotion agencies are underperforming, despite strong investor demand.

Local financial institutions serving SMEs are unique among facilitators as they absorb the billions of dollars needed to close SDG funding gaps.

Local financial institutions serving SMEs vary in form. There are non-bank financial institutions that focus on SMEs, commercial banks with lending programmes for small firms, banks entirely focused on SMEs, microcredit organizations, local investment funds and insurance providers.

They turn international capital into SME financial services in the following way: overseas asset owners that have an interest in investing in SMEs entrust their money to a fund. The fund manager pools resources and selects local financial institutions serving SMEs in a developing country. These institutions identify matching opportunities by screening SMEs that approach them for financing. The financial services provided include loans, equity, factoring and insurance.

Multiple initiatives are under way to expand lending via local financial institutions, including creating of local funds with a focus on SMEs. These local financial institutions are unique among investment facilitators in their ability to absorb the billions of dollars of capital that investment funds can channel towards SMEs and social impact in developing countries.

6. Conclusions

This report identifies four main streams through which investors, facilitators and enterprises can form partnerships for sustainable development. Scaling up funding for SMEs will be easier where such partnerships exist and are strong.

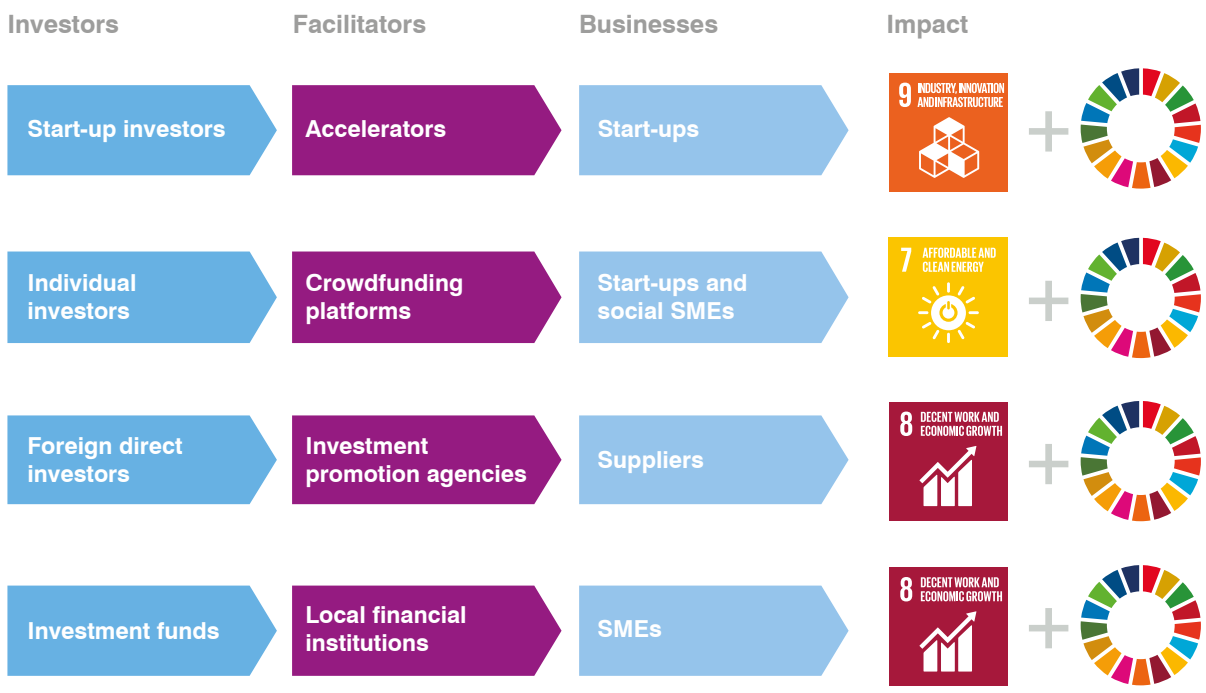
The first partnership centres on seed and venture capital for start-ups. The second partnership centres on the use of crowdfunding platforms, which can play a role for financing SMEs with innovative business models or SMEs in remote locations. The third partnership seeks to scale up foreign direct investment. The final partnership has the largest potential to scale up lending and insurance to SMEs because of its wide reach.

These four investment partnerships rely on having a strong investment facilitator in the local economy. The existence and quality of these actors will determine whether the Finance for Development agenda will work for SMEs. The following are a number of measures that are crucial to ensuring investment facilitators can play their full role.

Embed accelerators in innovation hubs: The best start-up ecosystems provide a steady supply of highly innovative start-ups, professionals with business management skills, experienced entrepreneurs who can serve as mentors, and networks of investors. Accelerators work best when they are embedded in such start-up ecosystems.

In many developing countries, however, accelerators fail to connect with candidate start-ups. In such instances, raising awareness of existing accelerator programmes would help. In addition, many developing countries have a paucity of domestic business angels and venture capitalists. Efforts to support the creation of such networks could help mobilize domestic as well as foreign financing, often from the diaspora.

Four investments partnership for sustainable development



Source: ITC.

Online investment platforms need regulatory clarity: Online investment platforms have the potential to link up thousands of individual investors and SMEs. They do this by making it easier to search and connect via the internet in pursuit of tailored investment opportunities.

In developing countries, there is a lack of clarity regarding the regulatory frameworks that apply to crowdfunded investments. Efforts to provide regulatory clarity regarding the rules around crowdfunding as an investment (as opposite to a donation) would help scale up this form of financing.

Connecting investment promotion agencies to SMEs: Every year $600 billion of foreign direct investment (FDI) flows into developing countries. For these flows to increase and to benefit SMEs, there is need to strengthen the link between FDI and SMEs.

Support for investment promotion agencies can entail benchmarking that assesses the strengths and weaknesses of the agency while identifying opportunities for improvement. Furthermore, fostering access to high-quality data on investment-ready SMEs is essential to match SMEs and investors at the volume and quality required to boost flows of FDI. Finally, ensuring that investment promotion agencies coordinate with complementary organizations, such as credit bureaus, land registries and entrepreneurial finance organizations, is also essential to their work.

Local financial institutions – bundling small business investments: Financial institutions have historically struggled to reach SMEs, especially in developing countries. Despite these challenges, large international private investors are increasingly placing their money into investment funds with a mandate to invest in developing country SMEs. However, these funds find it challenging to invest directly in SMEs in developing countries, given the high transaction costs of searching for and serving thousands of small firms.

Local financial institutions, such as local banks, insurance providers, specialized funds and microcredit agencies, have a role to play. They are well placed to gather, and if necessary provide, information on SMEs that is necessary to accurately assess performance risk. They are also ideally placed to bundle SME investment opportunities into financial instruments that attract international investment funds to invest at scale. This can include the transformation of debt – still the form of financing in highest demand by SMEs – into equity or insurance instruments that may be more attractive for international investors.

Blended finance is also playing a role. Many private investment funds benefit from public-sector guarantees, mostly in the form of first-loss financing, under which public funds take the first losses. The intention is to provide incentives for investments that may have lower or unproven commercial returns compared to alternatives in the short-run, but that encourage developing new markets most conducive to meeting the SDGs.

While this form of financing can help bring private-sector capital to SMEs, it is necessary to ensure that such arrangements do not become an entrenched subsidy to large investors. Stronger financial actors in the developing world would be able to take advantage of blended finance in its intended role.

Towards 2030: This report has made a strong case for investing in small businesses to achieve the Sustainable Development Goals. Private sector investment can be at the heart of this process, but success will depend on partnerships with local investment facilitators. Actors that connect SMEs and investors are crucial to getting big money where it should be – in the hands of the small firms that can turn it into sustainable development.

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PART I.

Scaling up investments in SMEs

CHAPTER 1

Investing in small business for sustainable development

In 2015 world leaders agreed on an ambitious agenda to end poverty and inequality, act on climate change and the environment, improve access to health and education, and build strong institutions. The 2030 Agenda for Sustainable Development sets out a plan to achieve this vision through 17 goals and 169 targets that cover a broad range of social, economic and environmental objectives.[1]

The private sector has a key role to play in meeting these goals.[2] According to the Addis Ababa Action Agenda, the outcome of the Third International Conference on Financing for Development held in 2015, there is a need for private sector investment to achieve the 2030 Agenda.

In a global market environment of low interest rates, private investors are looking for opportunities that offer good risk-adjusted returns. Such investors are often stymied by lack of investable projects rather than insufficient funds. In 2018, there was a $1 trillion stock of cash held by global private equity funds actively looking to place these resources into investment opportunities with growth potential.[3] This suggests a unique opportunity to direct profit-seeking financial investment into sustainable development.

As this report will show, investing in small and medium-sized enterprises (SMEs) can attract private investment into the Sustainable Development Goals (SDGs) and delivering results on key SDGs. This chapter argues that SME investments can contribute in some measure to 60% of the targets established in the SDGs. It also finds that about $1 trillion of additional SME investing is needed to help developing countries reach the SDGs.

A tale of two finance gaps

SMEs find it notoriously hard to find funding, even for investments providing attractive risk-adjusted returns for private investors. They suffer from the so-called 'SME finance gap'. International bodies often use the term 'SDG finance gap' to describe the amount of funding needed if the SDGs are to be achieved. This report argues that the SME finance gap and the SDG finance gap are closely linked.

Finance gap for Sustainable Development Goals

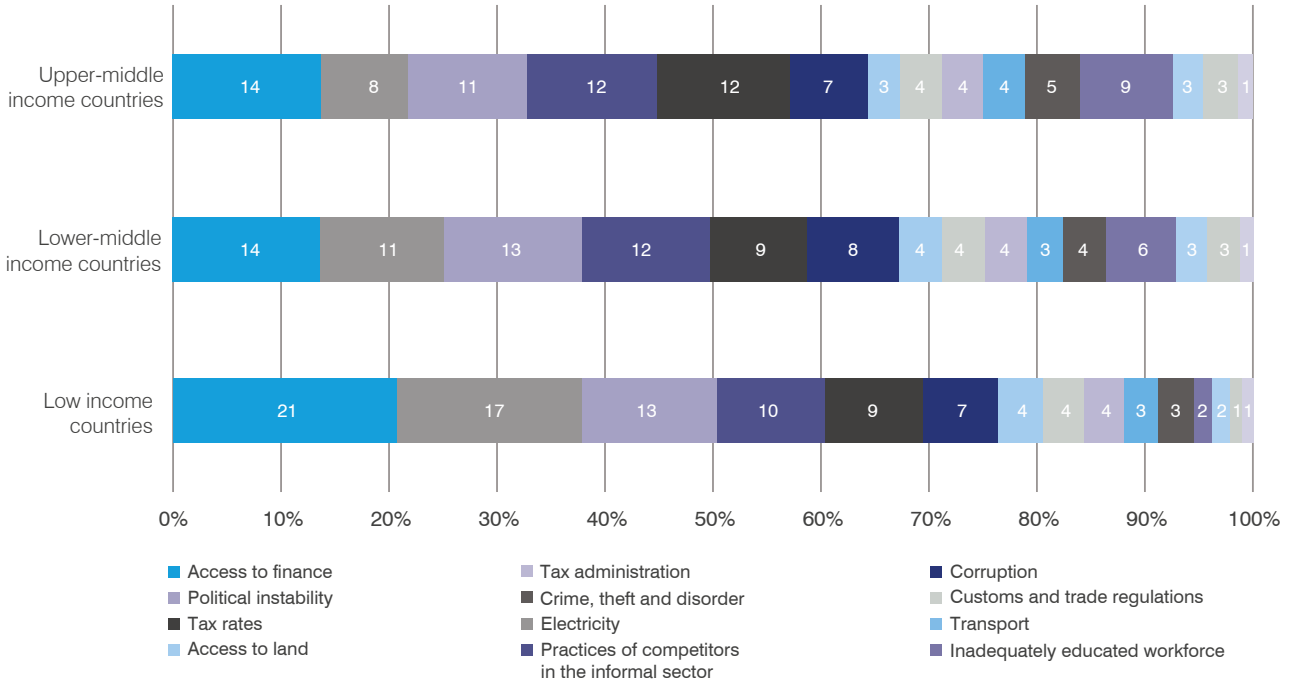
Agenda 2030 has galvanized public and private actors alike, but sizeable investment gaps are inhibiting progress. Estimates show that achieving just part of the Agenda in developing countries requires additional annual investments of approximately $2.5 trillion,[4] equivalent to 3% of global gross domestic product (GDP).[5]

Debt obligations and a narrow tax base can constrain government spending directed to achieving the SDGs in developing countries. Development assistance, while significant, is not sufficient to provide the trillions of dollars needed to close the SDG investment gap. That would remain the case even if more countries met the United Nations' target of deploying 0.7% of GDP towards international aid.

The Addis Ababa Action Agenda therefore underscores the potential of private sector investment to fund the SDG investment shortfall. Besides providing financial resources, private investments can transfer skills and technology that are key to creating positive development outcomes. However, private investors require competitive returns to make investing in the SDGs feasible.

Despite recent positive developments, private investments into the SDGs remain relatively small. This report explores why and highlights the key role that SMEs can play in attracting private investment to finance the SDGs.

FIGURE 1 Bottlenecks faced by small businesses in developing countries



Source: ITC calculations based on World Bank Enterprise Surveys data.

Finance gap for small and medium-sized enterprises

SMEs in developing countries make important contributions to the economy and society, but face multiple challenges. In particular, SMEs consistently cite access to finance as one of the most significant constraints to their growth (Figure 1).[6] Finance is most frequently viewed as the most important constraint to SME growth in low income countries.[7]

Although various financial institutions provide financing for small businesses, market failures circumscribe their ability to address SME financing needs fully. Indeed, the World Bank's International Finance Corporation (IFC) estimates that there is an annual SME investment gap of $5.2 trillion.[8]

Solving the financing conundrum

This report seeks to assess how and to which extent investments in SMEs that meet commercial objectives can also contribute to the SDGs. It examines ways to channel more private finance into developing country SMEs, to help close both the SME and the SDG finance gaps.

Most SME investing is through debt and equity investments into financial institutions serving SMEs. These investments can be direct or indirect, such as through specialized SME funds. SME investors look at the profitability of these institutions to underwrite their risks and build their portfolios. Traditionally, financial institutions serving SMEs in developing countries have struggled to earn returns above their cost of raising capital.[9]

The main reasons are smaller volumes per client, higher transaction costs and higher default risks with respect to other types of clients, such as big enterprises. There are also important constraints, such as interest rate caps, low-quality credit bureau information, lack of suitable collateral, inappropriate insolvency regulations and insufficient access to appropriate SME insurance.[10]

However, evidence suggests that some financial institutions serving SMEs can reach returns on equity of between 15% and 30%. These returns can be obtained if financial institutions are able to lower operating costs with innovative distribution models, understand SMEs better through innovative credit risk scoring mechanisms (such as psychometric testing), and help their SME clients achieve success through financial literacy and business training.[11]

One study finds that financial institutions specialized in serving SMEs can generate returns on assets of 3% to 6%, compared with 1% to 3% at financial institutions not

TABLE 1 Private equity's most attractive emerging market sectors

	Most attractive	2nd most attractive	3rd most attractive
Health care	15%	30%	13%
Consumer goods and services	34%	12%	11%
Technology and telecommunications	16%	13%	19%
Clean technology	10%	2%	10%
Financials	8%	11%	18%
Agribusiness	7%	17%	8%
Utilities	6%	4%	7%
Industrials	0%	3%	5%
Oil and gas	4%	2%	1%
Basic materials	1%	4%	2%

Note: Figures reflect the percentage of 106 surveyed investors who responded the question of which sector is the most attractive to build exposure to private equity in emerging markets.

Source: Adapted from Emerging Markets Private Equity Association, "Global Limited Partners Survey 2017."

specialized in SMEs.[12] Furthermore, SME investing can entail comparable levels of risk to other financial instruments with similar levels of return. Analysis of a decade of investment through an SME finance fund indicates that the realized losses of the fund are roughly equivalent to a Moody's rating of Ba3.[13]

Recently, investors in SMEs have been diversifying their portfolios from finance to other sectors, notably energy and health. This is by investing directly or indirectly in the debt or equity of SMEs active in these sectors. In 2017, the most attractive sectors in emerging markets[14] for private equity were health care, consumer goods and services, technology and telecommunications, and clean technology. These are also sectors where SMEs can play an important role in reaching the SDGs (Table 1).[15]

In 2018, 52% of private equity institutions were planning to begin or expand investment via venture capital funds focused on start-ups, compared with 29% in 2016.[16] Developing countries may be able to take advantage of this given that in a 2017 survey 73% of private equity funds said their portfolios in emerging markets had performed better than, or in line with, expectations.[17]

Many of these SME investments have direct links to the SDGs. Indeed, the business case for SDGs is well documented.[18] For example, the Business and Sustainable Development Commission has estimated that the SDGs could open up $12 trillion of market opportunities, creating 380 million new jobs by 2030.[19]

Investing in small businesses for sustainable development

Agenda 2030 underscores the relevance of SMEs to sustainable development, urging the international community to 'encourage the formalization and growth of micro, small and medium-sized enterprises, including through access to financial services'. By investing sustainably in SMEs, a multiplicity of SDGs can be achieved.

SMEs affect the SDGs through four channels

Strengthening SMEs can be highly effective in the drive to achieve the SDGs because SMEs contribute to realizing the SDGs through four channels (Figure 2).[20] These channels are: employee impacts, business practice impacts, sectoral impacts and national economy impacts.

Employee impacts

Improved competitiveness has direct impacts on the lives of the people who work for small businesses.[21] When financial constraints are addressed, and SMEs access the skills, technology and market linkages they need, they can expand by selling to new markets and offering more products or services.[22] Expansion of the firm can lead to job creation to support increased firm turnover.[23]

Expansion can also prompt enterprises to become formal, improving contract conditions for workers.[24] With SMEs accounting for 90% of new jobs in low income countries,[25]

BOX 1: What are small and medium-sized enterprises?

Small and medium-sized enterprises (SMEs) – often called the backbone of national economies – constitute the overwhelming majority of firms.

Globally, SMEs make up more than 95% of all firms, accounting for approximately 50% of value added and 65% of total employment, when both formal and informal SMEs are taken into account.[26] This amounts to between 420 million and 510 million SMEs, 310 million of which are in emerging markets. As it is national governments that define SMEs, there is no globally agreed definition. Yet, all SMEs share certain characteristics.

One way to highlight the unique characteristics of SMEs is to compare them to larger businesses. Larger firms have more employees, larger balance sheets and higher revenues. These features allow the staff of large firms to specialize. This makes it easier for larger firms to create new products, manage their suppliers, find buyers, raise financing and export. For SMEs, a single person often carries out many of these functions.

Definitions of SMEs sometimes include microenterprises. However, microenterprises have some unique features. They are often single-worker undertakings, have few or no fixed assets and do not maintain financial or other types of records.[27] Many microenterprises do not have a bank account, and may be shut out from the financing sector.

SMEs exist in nearly all sectors. In agriculture, smallholder famers account for large shares of the agricultural production of many developing countries. In manufacturing, SMEs produce many of the inputs to complex value chains. In services, SMEs are playing an increasingly important role, as they leverage digital technologies to produce knowledge-based products.

Although no global definition of SMEs exists, several organizations have adopted their own. For instance, for the World Bank, an SME is a firm with 99 employees or fewer, whereas for the Asian and African development banks, an SME is a firm with 50 employees or fewer. The European Commission defines SMEs according to a mixture of employee, revenue and asset criteria. Although definitions vary, the competitiveness of the SME sector is a key indicator of the competitiveness of national economies.

Source: ITC.

increased rates of job creation among SMEs significantly expand work in developing countries.[28]

Moreover, research shows that greater SME productivity can 'trickle down' to benefit employees, such as through increased wages.[29] The financing of new technologies fosters productivity-enhancing changes in production, and expansion enables efficiencies through economies of scale and scope.

Business practice impacts

SMEs affect sustainable development through how they do business. Firm managers' choices about core business practices – in human resources and sourcing of inputs, for example – can have significant impacts on social and environmental objectives. By altering the incentive structure and competitiveness of SMEs, investment can push small companies towards, or away from, more sustainable production practices.

When investment is accompanied by codes of conduct and technical assistance, as well as business formalization that facilitates adequate supervisory mechanisms, it can contribute to business practices that promote gender equality, for example.

This may include implementing non-discriminatory hiring practices that are positive for sustainable development. Econometric analysis shows that the simple presence of jobs open to women can significantly increase school enrolment for girls.[30] The economic empowerment of women is of value in itself and can have a strong impact on achieving the Sustainable Development Goals.[31]

The environmental footprint of a small company is significant in determining its impact on the SDGs. Factories that face binding financial constraints are often obliged to rely on outdated, inefficient machinery and use cheap firewood or diesel as a fuel. This leads to deforestation, greenhouse gas emissions and high energy costs. Investment in energy-efficient machines and alternative fuels can help mitigate climate change while reducing costs and improving quality for firm competitiveness.[32]

THOUGHT LEADER

Small size, big impact: MSMEs further sustainable development

Amina J. Mohammed

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Micro, small and medium-sized enterprises (MSMEs) are a major source of growth, innovation and jobs across the globe. They create most of the employment and represent more than 90% of the business population. They are key to creating the 600 million new jobs that will be needed by 2030 to keep pace with the growth of the world's working age population. Their potential impact on achieving many of the Sustainable Development Goals (SDGs) is much greater than their size might indicate.

However, the contribution of MSMEs to sustainable development is constrained by at least three factors: unfavourable business environments, inadequate access to finance and high levels of informality. Governments need to address these barriers to unlock the development potential of MSMEs. The 2019 Finance for Sustainable Development Report, produced by 60 United Nations agencies and international institutions, provides a range of policy options to this end.

Building an enabling environment

Financial regulators may need to shift from looking at the type of financial institution providing financial services to the risks associated with the underlying financial activity.

Policymakers set the environment that enables entrepreneurship and a vibrant business sector. Many developing countries have embarked on reforms to facilitate business development. In 2017–2018, 128 economies undertook 314 reforms – a record number – to help improve the business environment. Since 2015, least developed countries (LDCs) have cut the time and cost of starting a business by factors of two and four, respectively.

Governments can also take measures to support innovation by MSMEs and foster their participation in the economy. One good example of such a policy change is in India, where the government recently amended its public procurement policy to increase the minimum percentage of goods and services public entities must procure from small enterprises. It also included a provision mandating that a minimum proportion of public procurement be sourced from micro and small enterprises owned by women.

Well-functioning sustainable and resilient infrastructure is also key to business development. In the growing world of digitalization, e-commerce opens new trade opportunities for MSMEs. However, many developing countries, particularly in Africa, remain relatively under-connected to the internet and thus to e-commerce platforms.

It is estimated that more than 36% of the African population is out of reach of an operational fibre optic transmission network, while only 17.5% of people living in LDCs used the internet in 2017. This underlines the importance of increasing investment in information and communication technology, especially infrastructure.

Bridging the financing gap

Despite some improvements, MSMEs continue to identify a lack of adequate financing as the biggest obstacle to growing their business. The MSME financing gap is estimated to be more than $5.2 trillion. Female-owned businesses (typically smaller than male-owned) account for an outsized share of the financing gap, representing 28% of business establishments and 32% of the MSME financing gap.

Financial constraints also prevent MSMEs from fully taking part in international trade, as trade finance gaps affect them disproportionately. Financing challenges are on both the demand and supply side, including issues such as cumbersome collateral requirements and high interest rates. Lack of credit history, high transaction costs and high levels of informality also impede lending to MSMEs. To bridge the MSME financing gap, countries should consider:

- **Harnessing technology:** Technology offers great potential to address this gap. The fast-growing digital footprint of MSMEs can help overcome information asymmetries and ease the assessment of creditworthiness by lenders. In some cases, digital lending tools have brought down 'time to cash' for small business lending from an average of three months to less than 24 hours. Lending through technology-enabled platforms is growing rapidly. In Latin America such lending reached $663 million in 2017, six times higher than in 2015; technology can also support access to credit information in countries where credit bureau coverage is limited.
- **Building an institutionally diversified banking sector:** Different types of financial institutions bring different benefits. For example, small firms have a better chance of building trust and a long-term relationship with a local banking partner. Some local institutions, such as savings, cooperatives and development banks, also include a development mandate. These financial institutions can be helpful complements to commercial banks while contributing to addressing the needs of MSMEs.
- **Designing supportive tools:** Governments can, for instance, support access to finance for MSMEs through partial credit guarantees or investments in small companies (directly or indirectly via investment funds). These types of interventions are often most effective when done through a specialized institution, such as a national development bank. They are not fiscally neutral and need to be properly designed to achieve their goals.

Efforts to support access to finance for MSMEs need, however, to be balanced with preserving financial sector stability and protecting consumers. For example, financial technology – or fintech – creates its own risks. Given that new actors involved in fintech are blurring the lines between software, settlement and financial intermediation, financial regulators may need to shift from looking at the type of financial institution providing financial services to the risks associated with the underlying financial activity.

Integrating small businesses into the formal economy

More than 780 million working women and men are not earning enough to lift themselves and their families out of $2-a-day poverty. Informal firms account for a large portion of MSMEs, but informality of businesses can undermine labour rights and safe working conditions.

Countries with large informal sectors can pursue efforts to formalize businesses in ways that do not harm the poor. For example, policymakers can use fiscal systems to provide an incentive for formalization and growth of MSMEs by setting relatively high tax-exempt thresholds. This can spur businesses to become formal and encourage greater levels of compliance, without the tax system burdening the poor.

MSMEs are central to sustainable development. Governments and the international community need to create the conditions for them to thrive and become more productive and sustainable. Reinforcing cooperation between governments, the United Nations, civil society and business should go a long way in this respect. These efforts include facilitating exchanges of practical experiences, providing the necessary capacity support and identifying forward-looking policy guidance, such as through the Financing for Development Forum.

The United Nations system is fully committed to making this cooperation a reality, including through a new generation of UN country teams to accompany and support national development efforts on the ground. The International Trade Centre's contribution to these efforts is highly appreciated and this report will play a welcome role in making MSMEs in developing countries a more attractive investment option for private finance.

FIGURE 2 How investing in competitive SMEs can help achieve the Sustainable Development Goals

Note: Analysis indicates that the SDGs impacted most by SMEs are SDG 8 and SDG 9.
Source: ITC.

Sectoral impacts

Many SMEs are in sectors integral to attaining the SDGs. Through their core business activities, they contribute to achieving the Sustainable Development Goals in their home country. Adequate financing can enable them to improve their delivery of basic goods and services.

Micro and small enterprises often deliver water and sanitation services in many low and middle income countries.[33] They help achieve adequate sanitation and hygiene, including among vulnerable populations.[34]

In the health sector, SMEs in the developing world produce drugs, facilitate transportation of blood, run hospitals and provide a myriad of other goods and services.

Similarly, SMEs proliferate in the education sector in developing countries, where investments in their competitiveness improves the quality of education and thus the human capital of the workforce. Innovative energy firms can use new technologies to improve access to modern and sustainable energy services. Moreover, more competitive family farms can improve food security and reduce hunger through the sustainable use of mountain, wetland and dryland ecosystems.

National economic impacts

More competitive SMEs have an indirect but significant effect on the national economy through their combined business activities.[35] For example, investment in high potential start-ups can facilitate their expansion. The backward and forward linkages that such companies forge with suppliers and users contribute to economic development that promotes economic growth.[36] Improvements in SME competitiveness foster value-added economic development that boosts growth.

Investment in physical and human capital is associated with increased productivity and ability to meet time, quality and quantity requirements for increased international competitiveness.[37] When this takes place in many SMEs across the economy, in conjunction with improvements in the business ecosystem and the national competitive environment, it bolsters international trade.[38]

Improved access to finance can enable firms to enter export markets and expand abroad.[39] Finance can help defray high up-front costs linked to exporting, such as to create distributor networks, and high variable costs related to shipping, logistics and trade compliance. Indeed, research suggests that financing drives capacity to trade in developing countries, with companies that face fewer financial constraints more likely to export.[40]

Further benefits from SME competitiveness accrue over time as innovations in a single firm spur others to react. Increased competition on price, quality and service shake up domestic markets, provoking other firms, large and small, to become more competitive or go out of business. This process of creative destruction, also known as

turbulence, raises the level of national competitiveness, and can foster regional clusters of sectoral export leadership and economic growth.[41]

Moreover, as SMEs are more likely than large firms to employ excluded social groups, improved access to finance and competitiveness of SMEs economy-wide can increase the opportunities and incomes of disadvantaged groups, reducing inequality within countries.

Small businesses key to Sustainable Development Goals 8 and 9

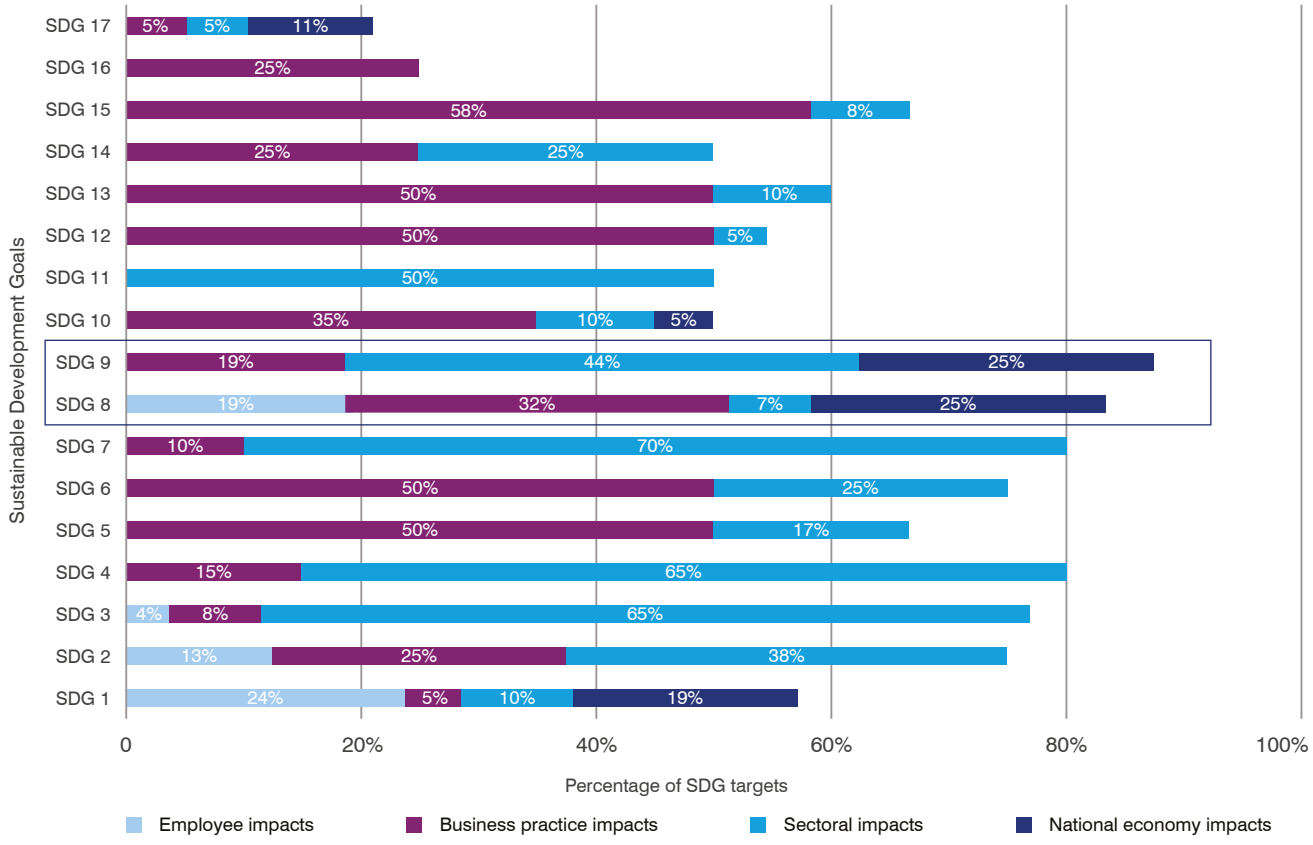
By identifying which of the SDG targets SMEs can contribute to, and via which channel, it is possible to illustrate the importance of these channels by Sustainable Development Goal. This shows that SMEs can contribute in some measure to 60% of the 169 targets contained in the SDGs. Figure 3 summarizes the results of this analysis, by SDG and channel of impact.

The goals affected most by SMEs are SDG 8 (*Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all*), with 83% of targets impacted by at least one of the four SME channels, and SDG 9 (*Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation*), with 88% of targets impacted. This reflects the vital role that SMEs play in developing countries' economies and labour markets.

The analysis treats all 169 targets equally, even though the achievement of some targets may contribute more to the SDGs than others. Nonetheless, it is possible to draw some insights from the analysis. For example, it is likely that SMEs mainly contribute to the SDGs through two channels: their business practices and the sectors they tend to inhabit (Figure 3).

Such a framework can provide guidance for investors on how to target investments in SMEs to maximize the impact

FIGURE 3 SME competitiveness impacts on Sustainable Development Goal targets



Note: The figure depicts the impact that competitive and sustainable SMEs have on the SDGs according to the 169 SDG targets. If a target can plausibly be achieved via two or more channels, the contribution to the SDG targets is weighted such that targets are not double counted. All SDG targets are equally weighted.

Source: ITC.

BOX 2: SME investment opportunities span sectors

Food: Tackling global food waste is a $700 billion investment opportunity.[42] In the Indian mango sector, for example, post-harvest losses lead to huge earnings reductions. SMEs there are starting to use hexanal, a natural chemical compound, to help mangos mature more slowly, which prolongs storage. Experts estimate that investments in hexanal could produce large financial gains through reduced waste and retained earnings.[43]

Technology: Digital economy start-ups are thriving in Latin America.[44] They can connect customers to goods and services and offer high added value through convenience, reduced costs and a lower carbon footprint, especially in cities with major traffic congestion problems.

For example, Rappi is a Colombian on-demand digital company that began in 2015 as a start-up with three employees. In 2018, it reached 13 million users across 27 cities in Latin America, attracting venture capital from Sequoia and reaching a $1 billion valuation. Rappi is committed to providing customers with any product from its business partners in 30 minutes, which can significantly boost economic activity and reduce carbon footprints.[45]

Health: Telemedicine SMEs are springing up across Africa, drawing on increasing access to cell phone and information and communications technology, as well as new medical technologies. In Kenya, for example, firms in remote areas connect people to doctors based elsewhere. These enterprises address the lack of primary healthcare in rural communities by using technologies to overcome distance.[46]

Source: ITC.

on the SDGs. For example, investors can influence these two channels through the way they build and monitor their SME portfolios. Furthermore, these findings suggest that technical assistance can be key to helping SMEs choose more sustainable business practices and have a stronger impact on the SDGs.

Decent work and economic growth

According to the analysis, the primary impact of SMEs on SDG 8 (*Decent work and economic growth*) is through the business practice and national economy channels. Figure 4 breaks down this relationship by target, showing how improved SME competitiveness can help achieve individual SDG targets.

SMEs contribute to targets 8.3, 8.5, 8.6, 8.7 and 8.8 through their impact on employees and employment, to targets 8.4, 8.5, 8.6, 8.7, 8.8 and 8.9 through their use of better business practices, and to targets 8.1, 8.2, 8.3 and 8.10 through improved national competitiveness. In much the same way, the manner in which SMEs affect the SDGs can be broken down for the other SDGs.

Invest $1 trillion in SMEs to fulfil their sustainable development potential

Through the four channels described above, investing in SMEs can have significant impacts on SDGs, in particular on SDG 8 and SDG 9. A number of publications underscore the effect of SME finance on SDGs, including peer-reviewed economic papers, as well as research by investors.[47]

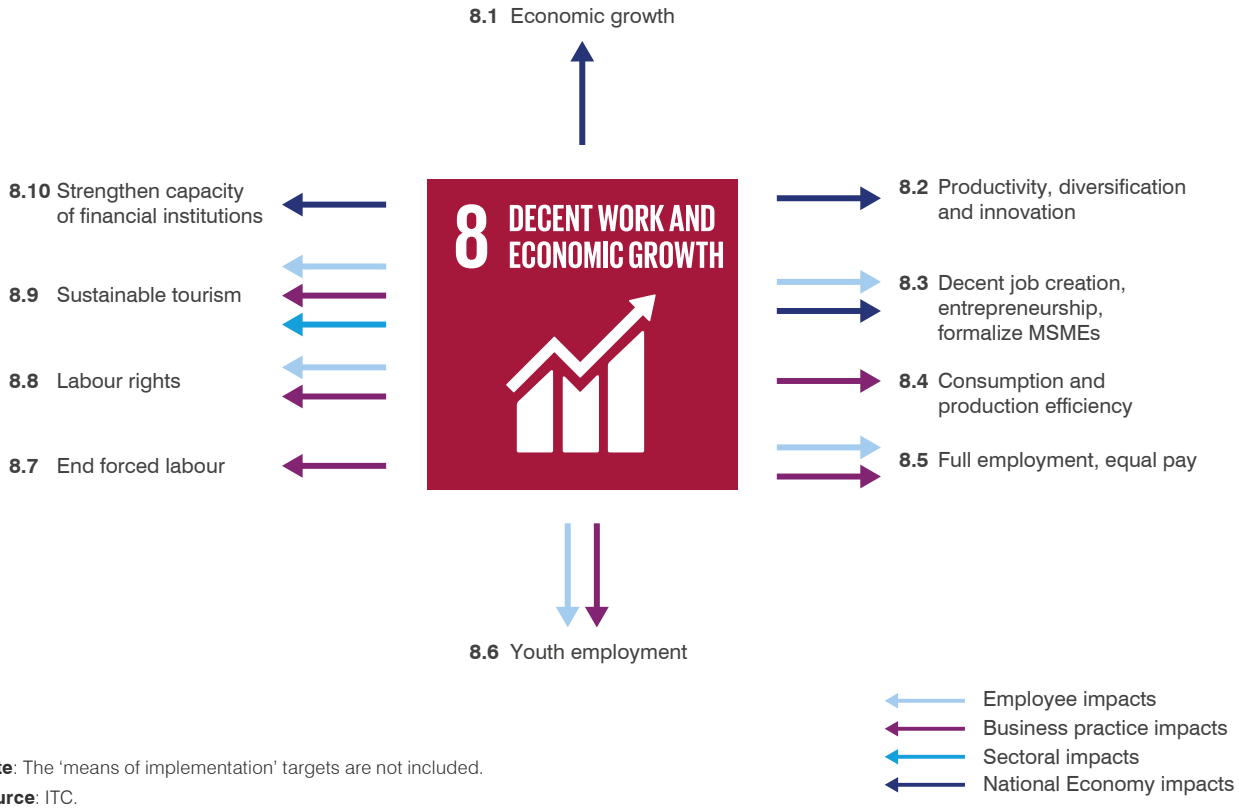
How much extra financing do SMEs need to enable them to meet the SDGs? ITC estimates this amount by placing countries into peer groups and identifying the additional SME finance needed to enable each country to catch up to the best SDG performers in its group. Countries are placed into peer groups according to their GDP per capita, and performance is measured using country-level SDG 8 and 9 scores.

The supply of SME finance in the best performing countries (as a percentage of GDP) is defined as the benchmark. The gap between each country's current SME finance supply and its benchmark is calculated. A total figure can be obtained by adding up all gaps across individual countries. (The methodology and data are described in detail in the Technical Annex.)

The results indicate that at least $1 trillion of additional SME finance is needed annually to help developing countries reach SDG 8 and SDG 9. This additional SME financing would have considerable impact on other aspects of sustainable development. It would help contribute to achieving 60%, or three-fifths, of the SDG targets.

By highlighting the role of SMEs in achieving the SDGs, ITC's analysis complements previous estimates on the SDG finance gap by the UN Conference on Trade and Development (UNCTAD)[48] and the International Monetary

FIGURE 4 How SMEs contribute to Sustainable Development Goal 8



Note: The 'means of implementation' targets are not included.
Source: ITC.

Fund (IMF).[49] Indeed, those estimates did not explicitly measure the total financing needs of SDG 8 and SDG 9. IMF estimates address SDG 3 (*Good Health and Wellbeing*), SDG 4 (*Quality Education*), SDG 6 (*Clean Water and Sanitation*) and SDG 7 (*Affordable and Clean Energy*). UNCTAD estimates also address SDG 2 (*Zero Hunger*) and SDG 13 (*Climate Action*).

UNCTAD and IMF estimates only partially consider SDG 9 (*Industry, Innovation and Infrastructure*) by focusing on required infrastructure expenditure (e.g. roads) and not addressing financing needs for industry and innovation, which is where SMEs play a key role. Neither IMF nor UNCTAD estimates consider SDG 8 (*Decent Work and Economic Growth*). Hence the complementary nature of ITC estimates.

This $1 trillion of additional required SME-SDG financing is on top of the $2.5 trillion SDG financing gap estimated by UNCTAD and IMF. It can also be considered a component of the $5.2 trillion SME financing gap estimated by the International Finance Corporation (IFC). The estimates in this report suggest that closing roughly one fifth of the existing $5.2 trillion SME finance gap is needed to meet SDG 8 and SDG 9, with considerable positive impact on other SDGs.[50]

Potential of large-scale private investment

The private sector is best placed to mobilize this $1 trillion a year of additional financing to help SMEs contribute to achieving the SDGs in developing countries. While currently private sector investment in developing countries remains low, there is an increasing interest from the private sector to invest in SMEs.

Redirecting investment to small businesses in developing countries

While public sector investment accounts for a sizeable share of foreign financial flows to developing countries, it has limited potential to grow. In addition, due to concerns over debt sustainability and state capacity, such resources are often not targeted at the countries in most need. In 2017, only 21% of public sector investments (official development assistance, other official flows and officially supported export credits) reached least developed countries and 3% went to other low income countries (Figure 5).

Private sector investment is already flowing into developing countries. However, as shown in Figure 5, most of the

financial flows to developing countries do not go to the countries with the greatest need. Of the $1 trillion of flows recorded in 2017, 46% went to upper-middle income countries, 35% to lower-middle income countries, 10% to least developed countries, 1% to other low income countries and 8% to countries with unspecified income classification.

Private investments, such as FDI and portfolio investments, are directed mostly to emerging markets. Indeed, 72% of FDI goes to upper-middle income countries, and only 5% reaches least developed countries. Furthermore, 84% of portfolio investments go to upper-middle income countries, while only 6% reaches least developed countries and other low income countries.

Some of these private investment flows are to SMEs in developing countries. Yet, compared to the overall size of global investment portfolio stocks, those amounts are small.

In 2017, asset managers managed $79.2 trillion in assets.[51] These privately managed investable assets could represent an important source of funding to help achieve the SDGs. However, the major institutional investors that manage most of these assets need to do so in relation to their liabilities, which limits their investment options. Indeed, they invest a large share of their portfolios in long-term government bonds because their risk-return profile is aligned to that of their obligations. In addition, private investors have a fiduciary duty to maximize value for their shareholders, which often restricts their ability to invest in sustainable long-term value creation.

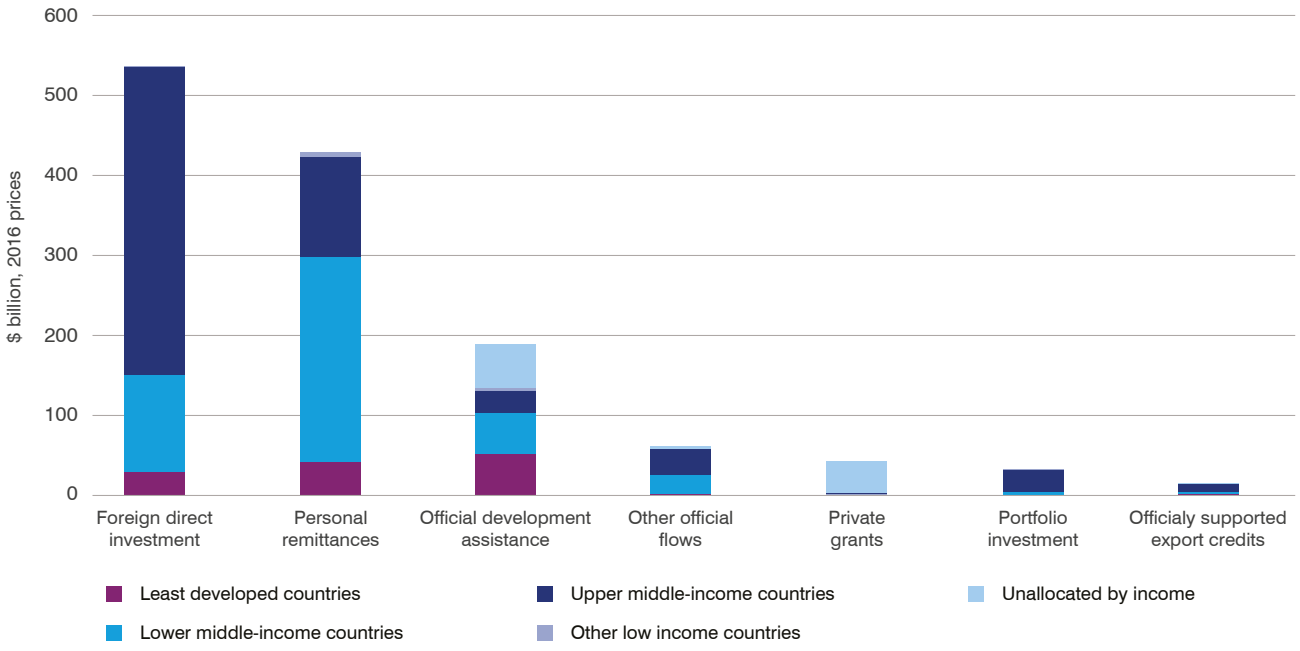
Only a small portion of these investable asset stocks flow to developing countries, with most going into infrastructure projects. Global infrastructure investment reached a record of $418 billion in assets under management in 2017, up from only $24 billion in 2005.[52] However, only a fraction of these infrastructure investments is directed to developing countries, and a much lower share reaches low income countries.

Investments in small and medium-sized enterprises

Most SME investment can be classified as either private equity or private debt (Box 3). Equity investors buy ownership stakes in companies, while debt investors offer loans. Global private equity stocks reached $3.9 trillion in 2016.[53] Private equity is an asset class that has grown considerably over the past years and is expected to continue expanding in the near future.[54]

The average private equity institution, however, only invests 20% of its portfolio in emerging markets,[55] corresponding to a stock of $780 billion in 2016.[56] Of these resources, a small share is targeted to SDGs. This share can be higher for private equity investors that seek measurable social impact in addition to financial returns.

FIGURE 5 Foreign financial flows to developing countries in 2017



Source: ITC calculations based on OECD Development Finance Standards.

BOX 3: Key asset classes and investment approaches

In exploring ways to close the financing gap for SMEs, it is useful to consider the various asset classes and investment strategies.

Asset classes

According to the Chartered Financial Analyst and Chartered Alternative Investment Analyst institutes, *'private equity includes the common stock, preferred stock, and (in some cases) debt securities of firms that are not publicly traded and that have equity-like risk exposures. The category includes venture capital (nascent enterprises) and leveraged buyouts (established publicly traded firms being taken private) as well as risky debt (including mezzanine debt and distressed debt).*[57]

Most financial flows to SMEs in their early stages of development can be classified as venture capital. This is a sub-asset class of private equity, focused on investing in enterprises at the very early stages of business development. Venture capital is usually provided by institutions or private funds, but it can also come from individuals, who are often known as business angels.

Another important private equity sub-asset class for SMEs is microfinance, which can be used to start small businesses. Most microfinance investments are not made directly to microfinance institutions, but indirectly through specialized microfinance funds. Private equity investors can invest in microfinance institutions targeting SMEs through investment funds specialized in SMEs. These funds can provide capital for financial services, such as debt and insurance, aimed at SMEs.

Public equity in specialized stock markets could also play a significant role in countries that have developed SME-specialized stock markets. However, few countries have SME stock markets.

Investment approaches

While private equity investments in emerging markets are well documented by institutions such as the Emerging Markets Private Equity Association, there are fewer statistics on private equity investments in lower income developing countries.

Some investment approaches, such as impact investing, can mainly target microenterprises and SMEs in lower income developing countries. Impact investing can comprise multiple asset classes. According to the International Finance Corporation (IFC), impact investments can be defined as *'investments made into companies, organizations, vehicles and funds with the intent to contribute to measurable positive social, economic and environmental impact alongside financial returns.*[58]

Impact investing differs from philanthropy because impact investors are seeking financial returns alongside social, economic and environmental impacts. It is also different from sustainable investing or responsible investing. Responsible investing focuses on mitigating environmental, social and governance risks to protect value. Sustainable Investing focuses on pursuing environmental, social and governance opportunities to enhance value. Impact investing goes one step further focusing on measurable high-impact solutions that address societal challenges.[59]

Source: ITC.

In impact investing, for example, investors seek both financial and social returns (Box 3), which can often be targeted to specific SDGs.[60] In 2018, 1340 organizations managed $502 billion in impact investing assets, mostly private equity.[61] In 2017, 74% of impact investments were directed to businesses, including SMEs, and 56% were allocated to emerging markets.[62] Taken together, these figures suggest that approximately $200 billion in impact investing assets go to businesses in emerging markets each year. Although this figure includes large enterprises and excludes investments in lower income countries, it is the best available estimate of the scale of private funding that is being marshalled for SDG-related investments, including in SMEs.

A majority of impact investors indicate that their investments have met their expectations for both impact (82%) and financial performance (76%) since inception.[63]

Catalysing financing for women-owned businesses

To help fund women-led businesses in developing countries, ITC is creating an alliance of impact investors and development finance institutions. The first impact investor to join the alliance is GroFin, which specializes in financing and supporting small and growing businesses across Africa and the Middle East. In collaboration, GroFin and ITC launched SheTrades Invest in December 2018. The goal of SheTrades Invest is to increase investment into women-owned businesses in developing countries.

Women in developing countries encounter substantial challenges when starting, expanding and managing a business. Lack of access to finance and weak capacity regarding financial matters means that women-led businesses are severely underserved by the traditional financial sector.

Women-led businesses struggle to access finance

There are many gender-related challenges regarding finance, including regulatory and cultural barriers, and 70% of women are shut out from access to financing. To obtain financing, women often resort to their own funding mechanisms, such as informal 'savings clubs', or use personal networks of family and friends. While this may keep the business running, it does not provide sufficient capital for large-scale growth.

A growing body of research demonstrates that women's participation and empowerment in trade is essential to unlocking a country's full economic potential. Empowerment of women will accelerate the achievement of the SDGs, specifically SDG 1 (*No Poverty*), SDG 5 (*Gender Equality*), SDG 8 (*Decent Work and Economic Growth*), and SDG 17 (*Partnerships for the Goals*).

Capacity building, access to investors

Through SheTrades Invest, ITC can help strengthen the financial and managerial capacity of women entrepreneurs, and match them with impact investors and finance. In February 2019, for example, GroFin and ITC organized a workshop for women entrepreneurs in Nairobi on connecting women to appropriate finance.

The alliance of investors will invest different forms of capital – equity, debt and grants – in vetted and eligible small and growing businesses to create economic growth and jobs for women.

To begin the process of identifying and screening potential businesses, SheTrades Invest launched an expression of interest in January 2019 through its current network. In two weeks, the initiative received more than 570 applications from women entrepreneurs in 14 countries, each seeking different types of financing.

ITC expands investor-alliance network

More than 100 of the women entrepreneurs who applied were introduced to GroFin and are under consideration for funding. ITC's investor network is therefore seeking to expand its alliance further with impact investors and development finance institutions, so that a larger number of entrepreneurs and countries can benefit from the initiative.

As part of the first stage of SheTrades Invest, GroFin will invest €10 million in women-owned businesses in the 14 countries where it already operates: Côte d'Ivoire, Egypt, Ghana, Iraq, Jordan, Kenya, Nigeria, Oman, Rwanda, Senegal, South Africa, Tanzania, Uganda and Zambia.

Since 2004, GroFin has raised $500 million from development finance institutions, international development agencies and private impact investors and invested in more than 700 microenterprises and SMEs.

Source: ITC.

However, there is a need for more clarity regarding the standards used to measure impact.[64] The IFC recently launched the Operating Principles for Impact Management in an effort to unify impact measurement standards in the industry.[65]

Half of impact investors anticipate increasing their allocations for energy, food and agriculture in 2019, while 42% plan to raise allocations for water, sanitation and health.[66] These are sectors with strong SME presence and SDG relevance in developing countries, particularly least developed countries.

Despite such positive developments and strong growth potential for relevant asset stocks, flows of SME-SDG private investment to developing countries remain relatively low. Part of the reason for this lack of investment is likely the additional risks involved with investing in SMEs.

Risks of investing in SMEs in developing countries

Private investors looking at SME investment opportunities in developing countries face at least three sources of additional risk compared to other investments with similar return profiles:

- Investing abroad involves complex risks linked to foreign transactions and legal procedures;
- Investing in developing countries can involve volatile macroeconomic, regulatory, political and foreign exchange risks;
- Investing in SMEs is riskier than investing in large firms.

Consequently, foreign private investment in developing country SMEs remains relatively unexploited despite the presence of potentially profitable returns and high impact on SDGs.

Bilateral, regional and multilateral legal agreements increasingly address risks related to transactions and procedures. Bilateral investment treaties are a prominent example. At the multilateral level, a group of World Trade Organization (WTO) members highlighted in 2017 the need to implement and administer policies to enhance the transparency, efficiency and predictability of investment procedures.

At the multilateral level, a group of World Trade Organization (WTO) Members started an informal dialogue in 2017 to discuss the growing links between trade and investment, and a potential investment agreement.

The proponents of this initiative argue that new rules would make it easier for investors to establish and expand their investments, as well as to conduct day-to-day business. Some feel that enhanced transparency and simplified investment procedures could help attract more private investment into the SDGs.

Assessing macroeconomic, regulatory and political risks is a standard aspect of risk assessment by foreign investors. One of the most prominent risk factors relates to foreign exchange rates. This includes the possibility that government interventions restrict the convertibility and transfer of local currencies in developing countries, as well as the difficulty in hedging foreign exchange rate risk due to undeveloped financial and currency derivatives markets. Indeed, derivative markets do not exist for many developing country currencies.[67]

In addition to the complexities and risks inherent to investing abroad and in developing countries, investors targeting SMEs deal with enterprises considered relatively risky and for which information, for example regarding revenues, is scarce. Information at SME level is especially valuable to help investors understand and manage their risks better.[68] The 2017 World Bank Global Investment Competitiveness Report finds that 86% of investors cite information on local suppliers as important to their investment decisions.[69] They need to know which SMEs can meet quality, quantity and time requirements, and which are financially stable and may be able to expand or move up the value chain.

The way forward

As small and medium-sized enterprises form the backbone of most economies, they can play a key role in meeting SDGs and attracting private sector investment into the Sustainable Development Agenda. Having the potential to contribute to 60% of the SDG targets, SMEs affect SDGs through four channels: employees, business practices, sectors and effect on national economic objectives. SMEs are likely to have the largest impact on SDG 8 and SDG 9.

It is estimated that by closing roughly one-fifth of the existing SME finance gap of $5.2 trillion, major progress can be made on the SDGs. Such annual investment of $1 trillion would enable SMEs to contribute fully to achieving the SDGs. The calculation of the estimate takes into account SDGs that until now have typically not been included when estimating the SDG finance gap. Thus, the investment need is largely in addition to what has been previously called for.

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CHAPTER 2

Investors interested in small businesses

The financing for development agenda relies on deploying private sector capital for development. Much of this financing will come from developed countries and fast-growing emerging markets, where the largest stocks of private capital reside.[70] Central questions for policymakers in developing countries are how to attract this capital and ensure it is funnelled to the economic areas that make the biggest contribution to achieving the SDGs.

The first chapter of this report shows that investing in SMEs is key to achieving many SDGs. The report focuses on three types of investors that invest in developing country SMEs: start-up investors, such as business angels and venture capitalists; foreign direct investors, such as multinational enterprises; and investment funds specifically targeting SMEs.

This chapter considers how these different investors approach investing in developing country SMEs.

Higher risks, higher expected rewards

Investors see risk through the lens of a specific investment, and in turn judge how a combination of national, business ecosystem and enterprise risk factors affect that investment. Investors usually know the level of risk they are willing to take on before entering a foreign market. The higher the risk, the higher the expected reward. Tied to an investor's risk appetite is the form the investment takes. Debt investments can serve investment opportunities with a range of risk profiles, whereas equity investments usually serve the high-risk segment. Figure 6 illustrates trade-offs between each form of investment.

FIGURE 6 Debt versus equity investments

Equity investments	VERSUS	Debt investments
An exchange of capital for an ownership stake in the business ('A piece of the pie') 		Loan for the promise of interest income and repayment (Loans or bonds) 
Higher risk (potential profits are also much higher)	**Risks**	The higher the risk, the higher the interest rate or collateral demanded
$$$$$$$	**Potential returns**	**$$$**
Dividends, capital gains	**Return type**	Fixed income interest

Note: Under copyright: Melissa Ling. Icons from https://www.iconsdb.com/royal-blue-icons/pie-icon.html and https://www.kitsapbank.com/personal/borrow/vehicle-loans/.

Source: ITC illustration based on Two Types of Investments in a Small Business, The Balance website.

Investing in developing countries accentuates a variety of risks that investors normally face. Political instability, high levels of debt and lower institutional capacity to support businesses all increase the risk of doing business. Other risk factors include exchange rate instability and lack of adequate physical and digital infrastructure.

Addressing these risk factors helps to attract investors. A recent study analysing the relationship between risk and the volume of foreign direct investment (FDI) in 42 African countries found that risk perceptions of investors are vital.[71] Among the most important concerns cited were legal and regulatory risks. Another study employing a large panel of Italian firms found that exchange rate volatility reduces investment.[72]

Moreover, the results of a study of 83 developing countries covering 1984 to 2003 show that political stability, accountable government, the rule of law, and the quality of bureaucracy are highly significant determinants of foreign investment inflows.[73]

These risks, and what policymakers can do to reduce them, have been discussed extensively in previous reports by a variety of international organizations.[74] Some of these bodies, including the World Bank, UNCTAD and OECD, have put together policy recommendations for attracting international investment into developing countries.

The World Bank highlights the need for laws that protect investors against political and regulatory risks, such as expropriation of property, currency transfer and convertibility restrictions, and lack of transparency in dealing with public agencies.

On the other hand, UNCTAD's global action menu for investment facilitation proposes 10 action lines with a series of options for investment policymakers and government agencies on national and international policy measures. UNCTAD's action package for investment in the SDGs includes recommendations related to the work of investment promotion agencies (e.g. preparing and marketing of pipelines of bankable SDG-related projects, and reorienting incentives and guarantees to support SDG-related investment).

OECD's Policy Framework for Investment proposes guidance in twelve policy fields for improving the quality of a country's enabling environment for investment (e.g. investment promotion and facilitation, competition and tax policies, corporate governance, financing investment, etc.).

Investing in SMEs in developing countries adds yet another layer of risk, as these firms are more susceptible to unexpected changes in the broader business environment or market.[75] Transaction costs, measured as a fraction of a deal's size, are also higher, as the amounts of capital involved when investing in SMEs tend to be smaller.

Start-ups and most SMEs are too small to be listed on national stock exchanges, and as a result do not benefit from the most accessible forms of investment – portfolio investments. This in turn means that investors taking equity in a start-up or SME are making an illiquid investment, which is hard to price and hard to exit.

Lending to start-ups or small businesses

Investments in the form of loans can be fine-tuned to the level of risk the borrower presents to the investor. The higher the risk, the higher the interest rate or collateral demanded. This makes loans a flexible financial instrument. Banks typically lend according to fixed methodologies that analyse the annual revenue and cash flow of a business. This allows banks to calculate the level of debt that a business can safely support.

Many SMEs in developing countries do not channel their sales through a bank account,[76] and thus have restricted access to bank lending services. Furthermore, when loan amounts are small, the interest charged by banks often does not cover their costs, preventing such lending from taking place.

There are different types of loans, including loans to provide working capital, such as those offered by trade finance and supplier or buyer financing. Such loans typically have a short horizon, and address an enterprise's immediate cash needs. In contrast, long-term loans offered by banks focus on funding productivity upgrades, creating new products and expanding into new markets.

Not all loans are made through traditional banking institutions. Microfinance institutions, alternative lending platforms, wealthy individuals or specialized investment funds are more open to lending to start-ups or SMEs. These actors are usually willing to take much higher levels of risk. They lend to businesses on the basis of a shared belief that those businesses will grow, and will therefore be able to support the higher levels of debt and interest. These lenders also tend to invest money from investors rather than depositors, which explains their acceptance of higher risk than banks.

However, non-bank investment institutions also employ a wider variety of strategies to mitigate the increased risk, such as group lending in the case of microfinance. Loans are often protected by insolvency laws that grant lenders preference when a company is dissolved. There is also the option of refinancing loans if the borrower is faced with unexpected difficulties.

Taking equity in start-ups or small businesses

Equity investments exchange capital for an ownership stake in a business. Equity investments in start-ups and SMEs are more risky than loans. If a business fails, equity owners are usually last in line among the investors to get their money back.[77] However, the potential profits are much higher, as a successful start-up can return several times the initial investment.

Depending on the exact terms of ownership, taking equity can also expose the investor to the company's liabilities. Nevertheless, the allure of the potential upside is strong, and investors such as business angels or venture capitalists base their business models on making successful equity-based bets.

Five stages of the investment process

Regardless of whether investors prefer to invest in developing country SMEs using debt or by taking equity stakes, they follow similar investment processes. Figure 7 outlines the five stages of any investment: identification, screening, negotiation, management and exit.

This report discusses foreign investments in SMEs according to all five stages, but focuses mainly on the first two stages, as it is often at these first hurdles that prospective investment deals in developing countries fail to materialize.

Identifying investment opportunities: Investors seeking to invest in developing countries often struggle to identify opportunities. Incomplete and out-of-date enterprise registries, weak sector associations and poor digital and physical infrastructure do not illuminate viable investment opportunities. Investment profiles, usually deployed to attract investors, often include information about macroeconomic factors and incentives, but they tend not to provide relevant information on domestic business.

This problem is more acute for SMEs in developing countries, which are often based in rural areas or operate informally. Even when investors are able to pinpoint SMEs of interest, there is a scarcity of relevant information on their supply capacity, as well as the potential return and risk profiles involved.

There is increasing evidence that more granular information is needed on investment opportunities in developing countries. In a survey of international investors conducted by the World Bank, 86% of investors cited 'information about the available and qualified local suppliers' as important.[78] A recent World Economic Forum report underscores that investors face important knowledge gaps that act as barriers as they seek to build investment projects for the Sustainable Development Goals.[79] In fact, half of the investment firms with overseas affiliates that participated in the World Bank survey used internal talent scouts to seek out local suppliers.[80]

This indicates that investors continue to rely on personal contacts and chance to connect to opportunities. The use of investment scouts and anecdotal information is neither scientific nor methodologically efficient. A more systematic way to identify and learn about SME investment opportunities, for example through comprehensive and free public

FIGURE 7 Five stages of the investment process

	Identification	Screening	Negotiation	Management	Exit
KEY FACTORS WHEN INVESTING ABROAD	Macroeconomic factors Trade factors Local infrastructure Enterprises' supply capacities Intellectual property, innovation and quality requirements Supplier and buyer relations	Investment demanded (amount and form) Market, team and technical risk assessments	Local business norms Legal aid Institutional support (e.g. investment promotion agencies and business accelerators)	Investment transparency Investment single window Business registration Investment transfer Licensing	Contract enforcement Investment protection Stock exchanges
AREAS REQUIRING ATTENTION	**Better country and enterprise data**	**Better enterprise profiling**	**Stronger investment facilitators**	**Investment facilitation**	**Fair and equitable treatment**

Source: ITC.

databases, would improve the quality of the resulting investment. Such a rigorous approach is needed, given the significance of investment for sustainable development in the 21st century. In its absence, many investments in developing country SMEs instead stall at this stage.

The difficulty of accessing information for this first step prevents many potential investors from investing in SMEs, to the detriment of national development and progress towards meeting the SDGs.

Screening investment opportunities: Once an investor has identified an investment opportunity, due diligence begins.[81] This stage entails a detailed analysis of the business's market position, supply capacity, use of technology, cost base and potential for growth. Investors often ask businesses to pass external audits, or to open their financial records for inspection. This can be problematic for SMEs, many of which do not follow the required accounting standards.[82]

For start-ups which have yet to mature into genuine businesses, this stage can entail an intense screening of the business plan and the entrepreneur's background.[83] Selling a vision of the heights the business can achieve is critical to passing this stage.

Foreign direct investors approach the screening stage somewhat differently. These investors tend to screen a location or economic cluster rather than a single business. Even so, if such an investment is part of a domestic value chain, these investors will assess the upstream and downstream supply capacity of domestic SMEs. Investment promotion agencies that have this information can help sway an investment decision.

For investment funds, the screening stage is executed at the fund's headquarters or at its local offices, with the headquarters approving decisions to invest.

Negotiating terms: Once the screening stage has been passed, the terms of an investment deal are hammered out. The size and shape of the investment are discussed and agreed, but often this is not the most contentious or lengthy part of the process.

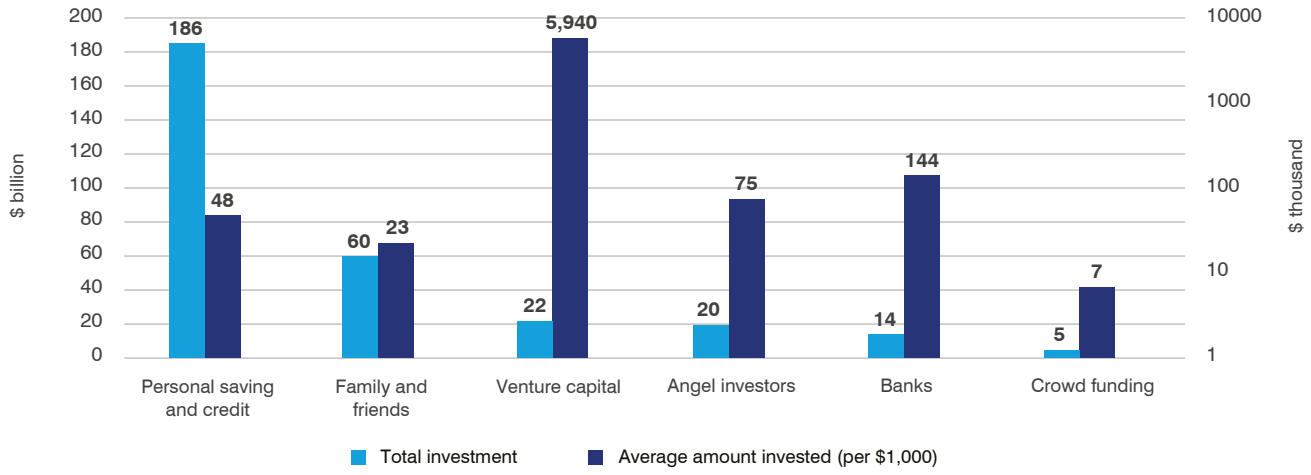
The devil is in the detail. An investment agreement (typically an equity deal) can change a business's board, daily management, legal status, competitive posture and even bankruptcy procedures. Many investment deals fail at this stage, due to disagreements over terms related to 'what-if' scenarios.[84]

Third parties (e.g. investment facilitators), such as business accelerators or investment promotion agencies, can help broker negotiations, and increase the chances of a successful deal.

Managing investments: Shepherding an investment deal from paper into reality often requires the active involvement of the investor. For investments in developing countries, some early obstacles include transferring the agreed financing, technology, quality management procedures and business contacts to the target company. A weak regulatory or institutional environment can make this process difficult and costly.

This is especially true for SMEs in developing countries, which may need additional technical support to leverage fully their new-found investment. As such, a strong relationship between investors and the recipient is needed

FIGURE 8 Funding sources for start-ups in the United States



Note: Total investment on the left axis and average investment on the right axis. Figures are for the United States in 2012.
Source: ITC illustration based on the Startup Funding Infographic, Fundable website.

TABLE 2 Who invests in small and medium-sized enteprises?

Category	Asset manager / owners	Target for investment
Start-up investors	▪ Family and friends ▪ Business angels ▪ Venture capitalists	▪ Start-ups
Foreign direct investors targeting SMEs	▪ Multinational companies	▪ Clusters of SMEs in a value chain (indirect) ▪ SMEs (direct)
Investment funds targeting SMEs	▪ Insurance companies ▪ Pension funds (public and private) ▪ Development funds ▪ Other private funds	▪ Financial institutions serving SMEs (usually through debt or insurance instruments) ▪ SMEs (directly, although not common)

Source: ITC.

to manage an investment successfully, particularly if an equity deal has been struck.[85]

Exiting investments: All investors eventually exit their investments, and as a consequence, investors generally have an exit strategy before they invest. National policymakers must recognize the need to build a regulatory framework that supports a wide range of exit options for investors.

In the case of loans, the end of the loan denotes the exit point for investors. Solid, clear and enforceable bankruptcy proceedings can help stimulate the issuing of debt, especially corporate debt.

The most visible exit strategy for successful start-ups is the initial public offering (IPO). However, IPOs are only suitable for a minority of very successful start-ups. In any case, as many least developed countries have relatively narrow and shallow stock exchanges, IPO ready start-ups in these countries tend to go abroad. Many, if not most, start-ups are bought out by larger companies or investment funds soon after becoming profitable.[86]

In the case of brownfield foreign direct investment into SMEs, the original investors can sell their stake, hopefully for them at a premium, or buy out the company, merging it into a bigger parent company.

Sound contract enforcement and investment protection policies are therefore elements that foreign investors assess seriously before investing.[87] Good enforcement procedures enhance predictability of commercial relationships and reduce uncertainty by assuring investors that their contractual rights will be upheld promptly by local courts.[88] Transparency, property protection and non-discrimination are principles that underpin a sound investment environment.[89]

Who invests in small businesses in developing countries?

There are three main types of investors that invest in developing country SMEs: start-up investors, such as business angels and venture capitalists; foreign direct investors, such as multinational enterprises; and investment funds specifically targeting SMEs. Table 2 provides a breakdown of these investors and the mechanisms through which they invest in SMEs.

Not all investments in SMEs are made directly. For instance, SME investment funds with tens or hundreds of millions of dollars under management can find it difficult to deploy this quantity of financing directly to SMEs. They usually invest in a financial intermediary, which in turn provides financing to SMEs. However, some investment funds have begun to invest directly in SMEs.

Start-up investors

A surprisingly wide range of investors invest in start-ups. Successful start-ups can obtain funds from the savings and credit of the entrepreneurs involved as well as their family and friends, public funds, business angels and venture capitalists. Surprisingly, in the United States, the money that family and friends put into start-ups exceeds that of business angels and venture capitalists put together, and is second only to the amount entrepreneurs put into the business themselves (Figure 8).

As business angel and venture capital networks in developing countries are less developed than in the United States, it is likely that start-ups in developing countries rely even more on personal savings and family and friends.

Start-up funding predominantly takes the form of equity deals, because in the beginning there is no revenue from which a loan could be paid off.

THOUGHT LEADER

India to Africa: A first step to going global

Coimbatore Ramaswamy Anandakrishnan

Executive Director,
KPR Mill Limited

As Executive Director of KPR Mill Limited, a textile manufacturing company based in Coimbatore, India, I have first-hand experience with challenges in India's textile and apparel sector. India is the world's largest cotton producer and second largest textile manufacturer, but the sector faces significant change. This includes growing competition from neighbouring countries, such as Bangladesh and Sri Lanka, and rising production costs.

India has not signed free trade agreements with key export markets such as the United States and the European Union, further hindering international competitiveness. Trends in India are mirrored by global developments – operating in established manufacturing hubs is becoming more expensive.

For Indian textile and apparel companies, it makes sense to explore increasing production through investments in emerging regions. These include East Africa, where trade schemes such as the African Growth Opportunity Act and Everything but Arms provide duty-free, quota-free, access to the US and EU markets, respectively. Even so, lack of understanding and information on the local business climate and realities, as well as perceptions including security concerns, prevent many firms from expanding internationally.

Access to investment information

A key challenge is the paucity of information on investment opportunities in East Africa. Our decision to invest in Ethiopia, where we have established a manufacturing unit, was made easier by working with the International Trade Centre's Supporting Indian Trade and Investment for Africa (SITA) programme. In our initial discussions with SITA, we had uncertainties about venturing into East Africa as it was not a geography we knew well.

A key challenge is the paucity of information on investment opportunities in East Africa.

Following information meetings with the SITA team, in April 2018 my Chairman and I went on an exploratory investment visit to Ethiopia and Kenya, the two countries highest on our list. The visit, arranged by SITA, allowed us to meet people in government, institutions and businesses. We also met international buyers, brand owners and representatives in the region.

By the end of the visit, any doubts had been erased, and our Chairman decided to establish a manufacturing unit in Ethiopia's Mekelle Industrial Park. Ethiopia offered clarity in approach, plug and play infrastructure and abundant labour. By July 2018, we had registered KPR Export PLC in Ethiopia.

Action-oriented approach

A positive is the willingness of the country's institutions to listen and work towards solutions.

We have faced challenges with power reliability and water supply; import and export delays; and labour attrition. At the beginning of 2019, we shipped our first overseas consignment from Ethiopia. This is largely due to our company's action-oriented approach. We solved our power issues by importing a generator, and we imported some critical machinery that was not available locally. A positive is the willingness of the country's institutions and officials to listen and work towards solutions.

Careful planning and execution have also been essential. Our general manager for KPR Export PLC was involved with the investment process from the initial stages. He was sensitized on the potential challenges and, with SITA's assistance, he had access to the relevant regulatory bodies and investment authorities.

Developing skills

Managing human resources is key to success, and we invested in skills development from day one. There have been challenges in adapting the training for a different cultural background and workers whose experience is primarily in agriculture. We train each group of machine workers for three weeks in soft and hard skills, followed by on-the-job training. As it is important that our employees have a sense of belonging to our company, we have done extensive training in India and Ethiopia. We trained 16 middle managers from Ethiopia in our factory in India, who trained our new employees in Ethiopia.

In India, 90% of our employees are women from economically excluded backgrounds. Employees have the option to further their education, and more than 22,000 women who have worked with KPR have increased their education to secondary and tertiary levels, with the company covering the cost.

We hope to institute the same approach in Ethiopia where KPR Export PLC has created more than 700 jobs. At full capacity, the company will have 1,500 Ethiopian machine workers producing 50,000 garments a day for the world market.

The way ahead

Our growth will be underpinned by our commitment to the people and communities with which we work.

We have taken our first steps towards internationalizing and there is no turning back. Our ambition is to grow, expand and become an international company with a global market and outlook. Yet our growth will be underpinned by our commitment to the people and communities with which we work.

India will always be our origin, and overseas expansion will not come at the cost of our operating capacities there. Our overseas plants will be multipliers. They will also be workplaces known for professionalism, quality and products. But most of all they will be places where people enter to learn, work hard, are proud of their achievements and contribute to transforming their communities and countries.

Family and friends: The first investors

Family and friends invest in start-ups because they are part of the entrepreneur's close social network. They do not have the same approach as professional investors, who make a careful assessment of the potential risks and rewards.[90]

Although most investments from family and friends are of a domestic nature, remittances allow relatives to fund businesses from abroad. Global remittances have grown rapidly over the last decade, and are projected to surpass foreign direct investment in 2019.[91] As remittances totalled $613 billion in 2017 (with $466 billion flowing to middle and low income countries), even a small fraction of this money from diaspora networks has the potential to provide a powerful boon to business development in developing countries. Estimates suggest that 8.5% of remittances sent back to developing countries are intended to help fund or found a new business.[92] This could translate into as much as $70 billion of annual funding for businesses in middle and low income countries.

Facilitating the connection between diaspora and local entrepreneurs can help make available extra financial resources for start-ups. Diaspora members who have been economically successful abroad and have investment capacity are more likely to help fund or found new businesses in origin countries.

Creating diaspora investment, insurance and pension funds can help leverage flows of remittances. These funds can offer the diaspora financial services, such as shares in investment funds or pension packages, facilitating diaspora investment and retirement plans in the home country. Examples of these funds include the Kenyans Abroad Investment Fund, the Rwanda Diaspora Mutual Fund and Global Diaspora Investment Fund.[93]

Despite the great potential of remittances for funding start-ups, the global remittance market continues to face a number of problems, including high commissions charged to send money and a large number of intermediaries.

Engaging with the private sector, such as money transfer operators, can reduce the cost of remittances. For example, developing a cost comparison tool has contributed to reducing costs and increasing transparency in the remittances market in Burundi.[94]

New technologies can also offer alternative channels for sending and receiving remittances, helping to cut the number of intermediaries. Platforms such as online transfer services, digital wallets, blockchain technology and mobile money applications contribute to creating greater competition and transparency in the remittance transfer market.

Research shows that creating networks of migrants increases bilateral trade and investment between host and origin countries.[95] Institutions such as diaspora business councils can be significant in connecting diaspora investors and local entrepreneurs. Examples include the Indonesian Diaspora Business Council and the United States–Africa Diaspora Business Council. These councils are usually staffed by diaspora members with a strong connection to host countries and deep knowledge about investment opportunities in both host and origin countries.

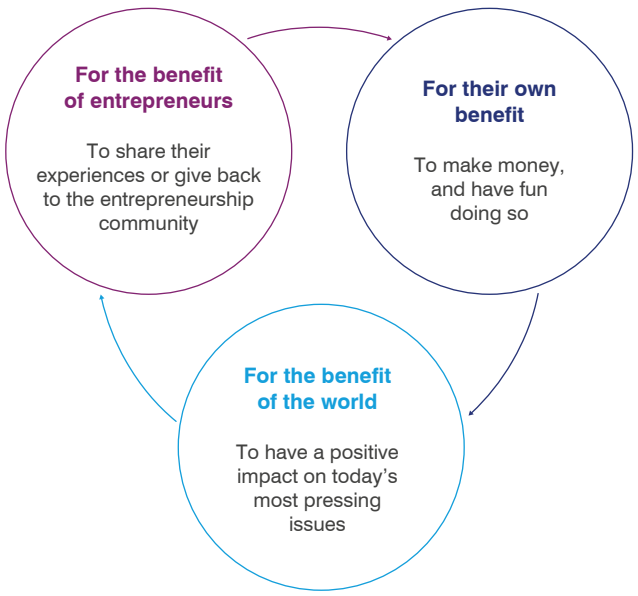
Business angels bring more than money

Business angels are wealthy professional investors seeking to invest in exciting and promising start-up ventures. Many business angels are entrepreneurs, and have gone through the stresses and strains of starting up a business. They can be an invaluable source of mentoring and experience for start-ups. As business angels tend not to be focused solely on making money, the vision any start-up presents can be as important as the prospect of large returns (Figure 9).

Some start-up investors style themselves as impact investors. This is particularly true of business angels bringing capital from developed to developing countries to seed start-ups. These individuals are often attracted to businesses with clear financial as well as social targets.

Business angel investments typically occur once the start-up has a viable prototype and has moved from the

FIGURE 9 Why do business angels invest?



Source: ITC illustration based on Nielsen (2017).

idea stage to having real world value. Business angels are more likely to invest within sectors they are familiar with.[96] In a successful start-up ecosystem, a wide variety of business angels from different sectors help to promote diversification.

Business angels sometimes create networks to screen more efficiently the large number of start-ups seeking their money. In these instances, a legal entity is formed with a secretariat, and applications from start-ups are treated similarly to job applications. The network screens applications, interviews entrepreneurs, performs due diligence and makes offers (Figure 10).

By banding together, and following well thought-out investment procedures, business angel networks are able to hold diversified sector and geographical investment portfolios, and strengthen monitoring of investments and mentoring services for entrepreneurs. This ultimately improves their financial returns.

A study in Italy found that risk was reduced in a variety of ways when investments were part of a business angel network, ultimately increasing the amount of capital that angels invested in new ventures.[97]

Business angel networks predominantly serve developed countries, but are increasingly being formed in developing countries. There were about 350 active organizations in the United States and Canada in 2014, about 150 in Europe[98] and 21 in Latin America.[99] Such investor networks are being formed in Africa, with more than 60 networks on the continent, according to 2017 estimates from the African Business Angel Network.[100]

Facilitating the creation of angel networks in developing countries through public-private partnerships or technical assistance could bolster start-up ecosystems (see Box 4).

Attention, venture capital ahead

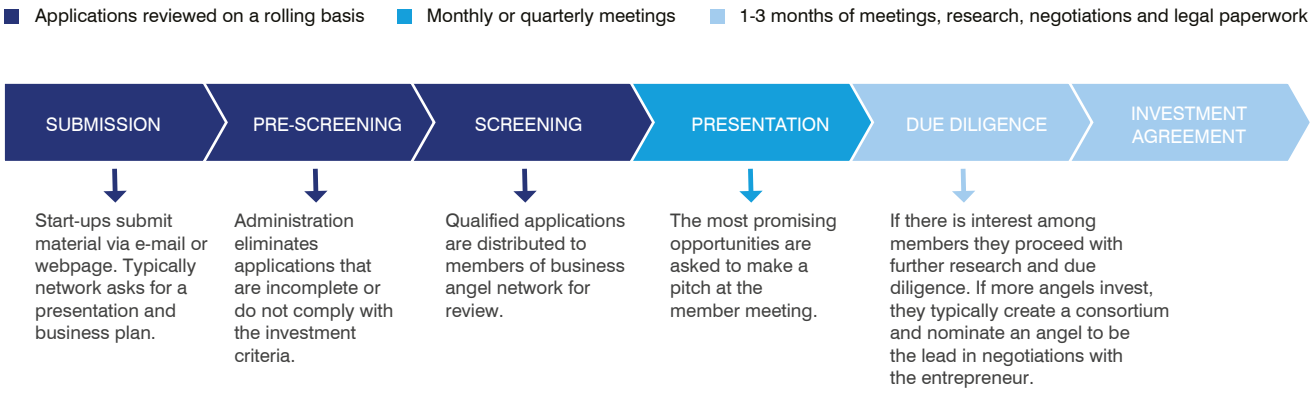
Venture capitalists follow a similar investment approach to business angels, but are willing to take much higher risks for larger returns. Venture capitalists expect many of the start-ups they invest in to fail. A study of more than 2,000 companies receiving venture capital funding between 2004 and 2010 found that 75% of start-ups backed by venture capital in the United States did not return investors' capital.[101]

The strategy of venture capitalists is to provide substantial amounts of finance to several of the most promising start-ups, and hope that one or two of them will carry the profitability of the entire portfolio. Because of this, venture capital funding is at the very high-risk, high-reward end of the risk-reward spectrum.

Venture capitalists look for start-ups with three qualities: a rapidly scalable business model, a large market, and a product that is much better than the competition.[102] Venture capitalists also tend to invest just as the start-up is gaining its first customers, and the business needs capital to acquire more customers.

Only a small minority of start-ups have these characteristics, but those that do can provide spectacular returns to investors. Because so few start-ups display these three features, only a small number should ever consider funding from a venture capital firm.

FIGURE 10 The application process for a business angel network



Note: Applications are reviewed on a rolling basis during the submission, pre-screening and screening stages. Monthly or quarterly meetings are held during the presentation stage. The due diligence stage leading to the investment agreement comprises of 1–3 months of meetings, research, negotiations and legal paperwork.

Source: ITC illustration based on Nielsen (2017).

BOX 4: The Gambia Angel Investors Network

Promising start-ups in Africa struggle to acquire the seed capital they need to scale up their business operations. Venture capital firms are present in the region but rarely invest less than $1 million, which is too much for an early-stage company. Banks, on the other hand, charge interest rates of about 18%, which is too high for these promising start-ups.

To address this problem, the International Trade Centre Youth Empowerment Programme has established the first angel investors network in the Gambia. The Gambia Angel Investors Network will connect seed capital to promising start-ups or high growth companies in need of significant funding.

This initiative will allow local, regional and diaspora-based investors to have a transparent and impartial channel for assessing start-up and high-growth deals in the country, while also supporting local businesses. The network will provide capital, mentorship and networking opportunities to entrepreneurs that have significant business experience and investment capacity.

Angel investor networks lower the risk of investing in frontier markets by pooling the resources and knowledge of individual local investors. Business angel networks often have higher quality 'deal screening' processes because of their members' diverse knowledge on markets, management and financials. Pooling investment also allows risk to be spread across sectors and business models. Furthermore, successful networks can be influential in raising investment-related regulatory and policy issues with government.

Source: ITC.

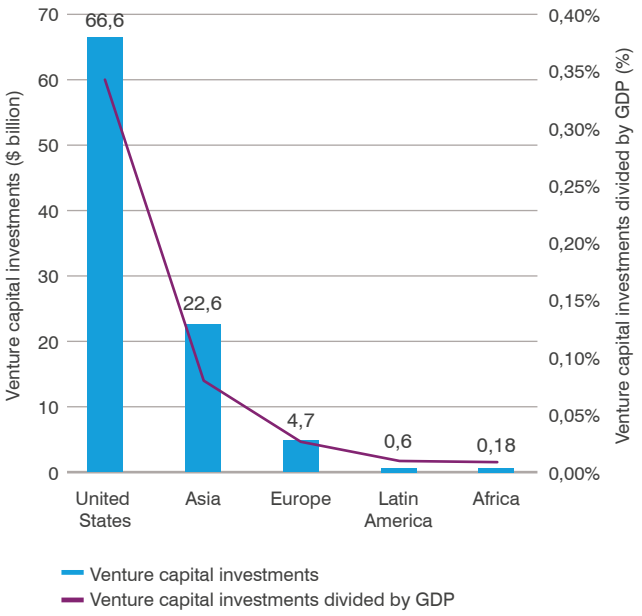
Venture capital firms typically run several funds, each lasting about 10 years. In the first phase, usually two to three years, they identify and invest in start-ups. Over the remaining period, they provide millions of dollars to these start-ups and push them to scale up as quickly as possible. At the end of the fund's lifetime, they divest from the start-ups and return the profits to the fund's original investors (often large institutional investors such as pension funds). Therefore, venture capitalists are mainly concerned with maximizing the value of start-ups over the investment period, and are much less interested in what happens to the start-ups after they divest.

This can be detrimental to some start-ups. Venture capital comes with strings attached, as investors often take seats on company boards and may force founders to go in directions with which they are not comfortable. In the end, a rapidly expanding cost base may cause the company to fail.

Despite such issues, venture capital funding has a place in the investment landscape as it is one of the only sources of funding that can rapidly scale up innovative businesses. In developing countries, there is a distinct lack of venture capital that would enable local start-ups to expand internationally.

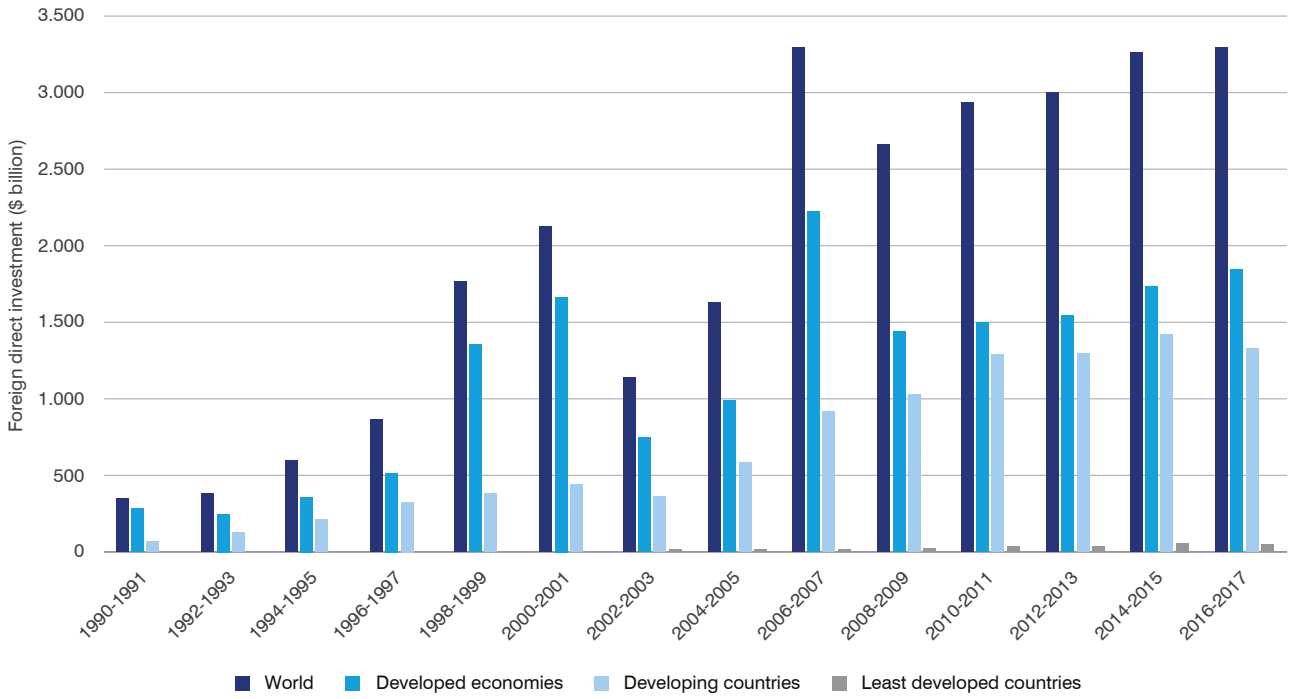
Developed countries, particularly the United States, dominate venture capital funding (Figure 11). Venture capital investments amounted to $66.6 billion in the United States, accounting for 86% of total venture capital investments in the OECD in 2016. Venture capital investments in Europe totalled $4.7 billion in the same year.[103] In Asia, three countries (China, India and Israel) funded $22.6 billion in venture capital investments in 2014.[104] Figures for developing countries are more difficult to find, and are often incomplete.

FIGURE 11 Volume of venture capital investments, by region



Source: ITC illustration based on Vanham (2015); Lerner, Leamon and Garcia-Robles (2012).

FIGURE 12 Foreign direct investment, 1990-2017



Note: Each bin represents two years of foreign direct investment.
Source: ITC calculations based on UNCTAD FDI Statistics.

Challenges that discourage venture capital investment in developing countries include lack of an enabling regulatory framework, training and industry data.[105]

Developing country governments can help attract more venture capital by creating an enabling environment that encourages entrepreneurship through training and support for potential entrepreneurs. Government efforts can also focus on enacting laws that protect limited partners and provide investment certainty to private equity groups. Such efforts could also contribute to ensuring that rules remain constant over the 10 years that is typical of funding commitments.

Creating a national or regional venture capital association can contribute to establishing a supportive venture capital ecosystem. The East Africa Private Equity and Venture Capital Association formed in 2013 is a step in this direction. This association is a network that facilitates interaction between its venture capital members and governments and regulators. It also offers capacity building for local industry professionals and provides venture capital data and information allowing investors to have an introduction to the region that can help guide their investment strategy.

Foreign direct investors

Progress towards meeting Millennium Development Goal 1, which aimed to eradicate extreme poverty and hunger, was mainly achieved because of the robust development of Asia's private sector,[106] enabled by massive inflows of foreign direct investment from developed countries. Indeed, Asia represented about 66% of the total foreign direct investment (FDI) flows to developing countries from 2000 to 2015 (Figure 12).

Two types of foreign direct investment can stimulate the SME sector. The first is direct investment into SMEs (e.g. brownfield investments), which can help these enterprises get the equipment and technology they need to expand. The second is FDI that results in linkages or spillovers that benefit domestic SMEs. For example, the construction of an agroprocessing factory that stimulates linkages with smallholder farmers, or a textiles factory that stimulates demand from a wide range of garment-related suppliers.

Since the financial crisis, FDI has fluctuated greatly (Figure 12), although the capital flowing to developing countries has remained relatively stable at about $600 billion per year. Even so, in certain developing regions such as Africa, FDI has fallen in recent years (as a percentage of the total).

TABLE 3 Why foreign direct investors enter foreign markets

Foreign direct investor's motivation	Foreign direct investment enters the country to:	Impact on the host economy
Natural resources	Exploit locally available natural resources.	Leads to exporting of natural resources or resource-based products.
Markets	Gain access to domestic markets, or to the host country's preferential trading agreements.	Leads to domestic sales of final products to consumers or intermediates to firms.
Strategic assets	Enhance the capabilities of the investing firm by acquiring a firm with technology and brands that have competitive advantages.	Leads to sales of final goods in the home country and third countries.
Efficiency	Save costs in international production networks (e.g. labour).	Leads to importing of intermediate products and to exporting of final products or intermediates.

Source: World Bank (2017) based on Dunning and Lundan (2008).

Encouraging greater capital flows to developing countries, particularly into international value chains where transfer of managerial and technical know-how can help increase the value added and competitiveness of SMEs, will make a tangible contribution to closing the SME and SDG investment gaps.

Why investors enter foreign markets

Investors enter foreign markets for one or more of four reasons: to access natural resources; gain market access to a host country or to its preferential trading arrangements; internalize efficiency gains (usually labour related); and strategically position the parent company to see off rivals (Table 3).[107]

FDI focusing on natural resources targets countries where natural resources are abundant, with the aim of exporting such resources or producing derived goods. This type of investment often generates sizeable revenues for governments that can be reinvested in a variety of public goods.

Market-seeking FDI enters the target country to gain access to its domestic market or to benefit from the country's trade agreements.[108] It typically occurs in economies with a large consumer base. Rules of origin may encourage FDI by requiring production in the host country.

FDI seeking strategic assets often reflects defensive or offensive business strategies. Reasons to invest range from buying out a potential future rival, denying a rival a buyout opportunity or buying the technology of a firm.

Efficiency-seeking FDI enters countries to save the parent company costs in its international production networks. For the host country, it often serves to create jobs, transfer technology and promote integration into global value chains.

Some forms of foreign direct investment may be more relevant to SME development than others. While FDI focused on natural resources and market access can offer indirect benefits to SMEs, investment in strategic assets and efficiency can offer SMEs the chance to connect to global value chains. These types of investments lead to importing of intermediate products and exporting of final products, services or intermediates, creating opportunities for SMEs to sell into these value chains and eventually upgrade.

Encourage more foreign investment in small businesses

Transparent information can help foreign direct investors interested in greenfield projects. Research shows that investment decisions of foreign subsidiaries in transparent information environments are more responsive to local growth opportunities.[109]

In developing countries, information that business can use to make considered decisions is sometimes lacking. For policymakers, providing information about the supply capacity of local SMEs can serve as a public good that helps foreign direct investors make appropriate decisions. One-stop shop portals or global investment desktops can be channels to provide businesses with faster and easier access to trade and investment data and information on potential export markets. Institutions such as investment promotion agencies can play a key role in such efforts.

Sector associations could also embrace this approach. They are well positioned to provide information on specific rules or regulations, channel the information about the supply capacity of local SMEs towards potential foreign direct investors and serve as an interface between trade facilitation and the private sector.

Investment funds

The 2007–2008 financial crisis led to an unprecedented easing of the money supply in the developed world.[110] Surprisingly, quantitative easing did not stimulate inflation, predominantly due to the weakness of consumer spending and the economy more generally. As a result, investors flocked to the relative safety of government bonds, and yields fell to record lows.[111]

This presented low-risk investment funds with a dilemma: continue investing in government debt with virtually no returns, or shift their portfolios into more risky vehicles, such as equities or forms of exotic investments, and risk losses. For pension funds, this dilemma has proved especially tricky. As workers live longer, and shifting demographics increase the number of retired persons relative to workers, pension funds have been forced to seek higher returns to meet their obligations.[112]

A similar logic applies to other types of investment funds, such as insurance companies, foundations, endowments, sovereign wealth funds and development finance institutions. Traditionally, these types of funds invest in larger enterprises.[113] This context of low returns has sparked renewed interest in funnelling investments into developing country SMEs.

Investing in SMEs may offer better returns than other types of investment. For example, a recent study shows that loans to SMEs in the United Kingdom returned 4.6% on the capital invested, compared with 1.9% for European high yield corporate bonds.[114] The challenge for developing countries is reproducing these types of returns for their domestic SMEs.

How developed country funds invest in small businesses in developing countries

Funds with billions of dollars under management find it difficult to invest directly in SMEs. A typical SME in a developing country is often only seeking an investment ranging from tens of thousands to several hundred thousand dollars. It is impractical for a foreign-based fund to administer many such small loans.

Chapters 5 and 6 of this report discuss how these funds often partner with local financial institutions in developing countries to channel capital to SMEs. For example, investment funds might take a stake in a local bank, and in return provide the capital needed to finance an SME loan programme. More active funds may also help implement a loan programme by providing technical support to the bank in question (e.g. training of loan officers).

Another mechanism involves capitalizing insurance companies. SMEs in developing countries, particularly in the agricultural sector, are often severely underinsured.[115] Drought, flood, fire or pest insurance can contribute to meeting a variety of SDG targets, but particularly SDG 2 *(End hunger, achieve food security and improved nutrition and promote sustainable agriculture).*

Even participation in infrastructure projects can help, but only to the extent that it lowers the fixed costs of SMEs. Improved infrastructure cuts transportation costs, allows the formation of industrial clusters of SMEs and facilitates investment in SMEs.[116]

A study of 258 funds with more than 50% of their target portfolio specializing in SME investments in emerging and frontier markets indicates that the total portfolio managed by these funds amounts to $9.4 billion.[117]

Investment funds targeting small business, sustainable development

The first chapter of this report demonstrated the strong link between investing in SMEs and achieving the 2030 goals. Some funds, such as development finance funds, have explicitly adopted the SDGs as a benchmark against which their social impact may be measured. This makes sense given that that their funding comes from governments.

Impact investors, which are mostly private actors, have co-opted the SDG framework mostly by choice. The SDGs provide a useful set of targets disparate investors can pursue.

Pension funds, corporate investors, investment bank funds and other private funds are increasingly referring to environmental, social and governance indicators or the SDGs in their annual reports. A recent analysis of more than 2 million annual reports and financial statements reveals that in 2017, 82% of the companies covered referenced the SDGs explicitly or referred to related SDG content.[118] This share has been rising steadily in recent years, and may indicate a shift of investment patterns of private asset owners.

Investing in SMEs fits neatly into the objectives and constraints of development finance institutions. For instance, Norway's Norfund invests in funds that target SMEs in need of early phase or growth capital.[119] Norfund's regional offices in Bangkok, Accra, Maputo, Nairobi and San José (Costa Rica) manage local investment funds, and in turn contribute to identifying and screening potential projects and partners. Third-party verification is usually also required, such as feasibility studies, market assessments and environmental and social impact assessments.

Encouraging technology investment in Uganda and Senegal

In many African markets, entrepreneurial ecosystems continue to suffer from systemic challenges that prevent local technology firms from becoming formal, accessing public tenders and achieving scale through cross-border, regional expansion. The problems include lengthy and complicated administrative processes, high company registration fees and disconnection between the public sector and innovators.

Because for most start-ups scaling up remains difficult, domestic revenue streams are limited and the risk of failure is high, investors are reluctant to risk their money. As a consequence, access to seed capital remains a major hurdle in developing technology entrepreneurship in Africa.

Moreover, investors tend to focus on selected markets. In 2018, 164 tech start-ups raised $1.2 billion, mainly in Kenya, Nigeria and South Africa, according to the annual report on the African venture capital market by Partech Africa, one of the largest venture capital funds active on the continent. Senegal and Uganda raised much smaller amounts, although Senegal led among French-speaking countries, where investing is growing more slowly than in the rest of Africa. These numbers, however, remain low in comparison with regions such as Latin America and South Asia, let alone North America, Europe and South-East Asia.

At the same time, technology hubs are spreading quickly in Africa. The number of active tech hubs grew by 50% between 2016 and early 2018, according to research by the GSMA, which represents mobile operators worldwide. It found that 442 hubs were active on the continent in early 2018, with a dozen more due to launch in the beginning of the same year.[120] Despite these encouraging numbers, many of these technology hubs are start-ups that struggle to make ends meet. Their capacity to attract investors to the benefit of the start-ups they support remains limited.

Focus on Senegal and Uganda

In Senegal, ITC supports 53 start-ups through the Netherlands Trust Fund IV (NTF IV) programme. According to ITC research, 70% of the start-ups generate revenue and 88% have a 'minimum viable product'. Personal funds are the main source of funding for nearly three-quarters of the start-ups. Investors fund another 16%, business angels support a further 5% and the remaining 5% have other sources of funding, which may include business revenue, grants or loans.

Forty-one per cent of the start-ups are seeking funding below $100,000, while 46% are looking for funding between $100,000 and $500,000. Eleven per cent are seeking more than $500,000. Only one of the start-ups is not seeking any funding.

In Uganda, 60 start-ups have joined the NTF IV programme. Personal funds are the main source of funding among the Ugandan start-ups, accounting for three-quarters of the total. Business angels and equity financing are the source of another 7%, respectively. Only 3% of start-ups have venture capital financing, while business revenue, grants or loans fund the remaining 8% of start-ups.

Fifty-five of the start-ups are looking for funding of less than $100,000, 10 are seeking between $100,000 and $200,000, six are looking for $200,000–$500,000 and 11 for more than $500,000.

The source of funding for start-ups is similar in both countries, with personal funds at the forefront and the proportion of investors and business angels at a comparable level. Most start-ups in Senegal and Uganda are in pre-seed stage funding, while there are more Ugandan start-ups looking for seed stage funding.

On the other hand, in Uganda most of the ITC-supported start-ups (73%) seek either small funding amounts (below $100,000) or large amounts (above $500,000). In Senegal, in contrast, 87% of the start-ups working with ITC seek to raise small to mid-sized amounts of funding, between $100,000 and $500,000.

Venture capital sought

ITC's technology sector development team works on addressing the information gap, building trust and connecting investors with promising talent. The start-up directories of NTF IV present the entrepreneurs in an investor-friendly manner, with a focus on the founding team, revenue generated and funding needs, as well as a breakdown of planned expenditures.

ITC also produces social media and video content to build awareness about promising technology start-ups. Networking with investors is key, and takes place at major tech events such as Mobile World Congress, where investors can meet with start-up founders sponsored by the Netherlands Trust Fund or receive briefings by the ITC team on markets, strong industry niches and start-up profiles.

Source: ITC.

Facilitating Indian investment in Ugandan leather

Leather is a strategic sector in many African countries, reflecting the continent's large livestock population, and governments are seeking foreign direct investment to help develop the sector.

As part of such efforts, the International Trade Centre (ITC) organized an investment delegation to East Africa in November 2016. ITC's Supporting Indian Trade and Investment for Africa (SITA) initiative worked with the All India Skin and Hide Tanners and Merchants Association to identify Indian companies interested in internationalizing.

The delegation travelled to Tanzania, Kenya and Uganda, where they visited tanneries and met with stakeholders from the public and private sectors. By taking potential Indian leather investors to East Africa and highlighting business opportunities, SITA was able to reduce misperceptions and information asymmetries.

Matching investors with opportunities

One of the Indian delegates, the owner of an SME from Ambur, Tamil Nadu, immediately decided to invest in Uganda. Familiar with the quality and cost of Ugandan leather through previous sourcing trips, he was impressed with the support and incentives offered by the Ugandan government. He saw potential in establishing the first shoe-manufacturing factory in Uganda. His vision was for every Ugandan schoolchild to wear shoes made in Uganda. That goal is in line with the country's 'Buy Uganda, Build Uganda' policy.

His plan to establish a footwear facility producing 1000 pairs of shoes per day and employing 500 employees (95% women) would be just the first step. Uganda possesses high-quality raw material (hides), which are currently exported in semi-processed ('wet blue') form to international markets. Ugandan leather producers would have produced the finished leather themselves to capture the full added value in the value chain. By setting up a leather finishing plant adjacent to the shoe factory, a 100% Ugandan product for the Ugandan market could be produced.

Turning dream into reality

It took the investor, accompanied by SITA, three more trips to Uganda during 2017 to choose a location for the factory and become familiar with the government's rules and regulations on foreign investments.

He encountered a number of challenges. As the land in his preferred location – Namanve Industrial and Business

Park in the outskirts of Kampala – was not immediately available, he had to settle for a temporarily rented building while applying for his land allocation.

In addition, registering the new company took longer than expected. When the first shipment of machinery and accessories arrived from India in November 2017, he also realized that the business environment was not as conducive as the government had described. This was particularly the case regarding import duty exemptions and investment incentives. In addition, after training of the workforce started in mid-2018, there was high labour turnover, leading to new hires having to be trained from scratch.

Production of men's, women's and children's footwear started in August 2018, bringing further challenges, particularly regarding marketability. Although Ugandan buyers recognized the superior product quality, they are very price sensitive, especially as there are many smuggled imports and second-hand products on the local market. These are a disincentive to local production and affect the Ugandan government's revenue collection, but are beyond the control of individual investors. Tackling this problem is necessary if domestic manufacturing is to increase in Uganda.

Nonetheless, the Indian SME entrepreneur turned Ugandan shoemaker is not giving up on his dream, despite the initial difficulties. With its 40 employees, 38 of whom are women, the company is ready to secure its first institutional order. He believes he will succeed, paving the way for developing a value-added leather industry in the country.

Role of an investment facilitator

Not all investors are same. Some require more support than others to understand and navigate new business environments, reflecting their size and previous international experience. By supporting this investor, SITA helped to facilitate the investment. This included facilitating communication with government agencies and high-level representatives; assistance with finding and securing a suitable manufacturing location; helping to develop a business plan incorporating detailed investment objectives; and helping to procure support from national institutions.

Furthermore, SITA is working with the investor and the Ugandan government to resolve challenges and maintain momentum in realizing the objectives of both parties. This has included sensitizing policymakers across ministries and institutions regarding the needs of overseas investors so that needs are met and promises kept.

That an SME chose to be an investor in the Ugandan leather sector is a success in itself. However, it is up to national institutions to ensure that such success becomes lasting. The success of one investor can attract many more players, both domestic and international. To quote the chairman of India's largest shoe manufacturer: 'It does not matter what size your business is. It takes guts to venture into new geographies.'

Source: ITC.

BOX 5: The European External Investment Plan

The External Investment Plan (EIP) is an ambitious EU initiative launched in 2017. It is a financing-for-development platform designed to attract investment across Africa and the EU Neighbourhood region to foster inclusive growth, job creation and sustainable development. It seeks to achieve these objectives by using €4.5 billion of EU funds to mobilise up to €44 billion of investments by 2020.

The EIP has five priority areas: sustainable energy and connectivity; micro, small and medium-sized enterprises financing; sustainable agriculture; rural entrepreneurs and agribusiness; and sustainable cities and digitalization for development.

The EIP is a major part of the EU's contribution to commitments made in 2015 under the Addis Ababa Action Agenda. This agenda sets out global principles for financing sustainable development by mainstreaming economic, social and environmental priorities in financing flows and policies.

Three action pillars

EIP activities operate under three pillars. The first pillar creates a one-stop-shop for public and private sector investors wishing to submit investment proposals. The portal, and disbursement of funds, is managed by the European Fund for Sustainable Development.

The second pillar recognizes the need to help partner countries develop sustainable and financially-viable projects, and connect them with international investors. To this end, the European Commission is working with national financial institutions, international development banks, and investors to help them make better use of EIP funds.

The third pillar aims to improve the investment and business environment in EU partner countries by promoting multistakeholder dialogues. These dialogues are designed to promote good governance, address investment constraints, and increase coherence with other EU member states' initiatives.

Source: ITC.

Development finance institutions also cooperate among themselves. The European Development Finance Institutions (EDFI) is an association of 15 institutions engaged in financing activities in countries outside the European Union. This 'club' of development finance institutions acts as a platform to add value and facilitate knowledge-sharing and learning. EDFI members often join together and with other financial institutions to leverage mutual expertise and pool funding for a specific investment project. This approach may be another way for development finance institutions to reach scale, share expertise and spread risk, especially in challenging countries and sectors.[121]

The EU External Investment Plan (EIP) provides a common strategy for EDFIs and other partners to encourage investment in Africa and the EU Neighbourhood (Box 5). The plan aims to leverage more than €44 billion of investments by 2020.[122]

One of the plan's five priority areas is to support SME financing. As of December 2018, the EIP facilitated investments for SMEs of nearly €4.5 billion by extending guarantees of €522 million and funding technical assistance worth €53 million.[123]

The EIP supports a wide range of SME financing projects. For example, one project encourages the formation of diaspora investment networks by extending a €20 million guarantee. Several other EIP projects support seed and venture capital for dynamic start-ups in Africa.

To deliver these projects, the EIP channels its risk capital or guarantees through experienced private investors or local financial institutions. This helps to ensure projects are commercially viable, and enables the EIP to deploy large amounts of capital quickly.

How to encourage more funds to invest in small businesses

High-quality credit information can help reduce the cost of searching for viable small business investment opportunities, encouraging more investment funds to invest in SMEs. This information is used by financial institutions to screen borrowers and monitor the risk profile

BOX 6: Debt financing for young entrepreneurs in the Gambia

Young entrepreneurs with a good business idea have few financing options in most developing countries. In the Gambia, the Youth Empowerment Project, led by the International Trade Centre (ITC), is helping young start-up entrepreneurs secure small, but much needed, investments.

In October 2018, the Youth Empowerment Project partnered with the Social Development Fund, a Gambian non-profit organization, to deliver mini-loans of up to $10,000 to promising young entrepreneurs. The aim is to increase access to finance for youth-led SMEs seeking to create a new business or expand an existing one that does not have access to local commercial banks.

Through the scheme, the Social Development Fund is offering loans at reduced interest rates and lower collateral requirements across The Gambia. The loans can be used as working capital, to improve and expand premises or to acquire small machinery and equipment. To qualify for the scheme, the young entrepreneurs must have successfully completed courses on skills, entrepreneurship and business management.

The amount of financing awarded to a business depends on the quality of the business application and an assessment of the proposed business plan. The average loan per business is $3,000.

The scheme reduces collateral requirements by up to 50% and there is a maximum annual interest rate of 10%. Lower collateral requirements and interest rates reflect ITC's first-loss guarantee to the Social Development Fund and technical assistance to scheme beneficiaries, but the full capital for lending is provided by the Social Development Fund.

As of January 2019, the Social Development Fund approved eight loans totalling $34,000 with a 100% repayment rate. The scheme has supported the creation of 22 new jobs, including eight for women, mostly in the poultry, catering, food processing, fishery and fashion sectors. The scheme aims to assist 580 entrepreneurs by the end of 2021.

Source: ITC.

of existing loan portfolios. Regulators also use credit information to identify systemically important borrowers and track their performance, enabling regulators to effectively conduct essential oversight functions. These efforts ultimately benefit consumers through lower interest rates.[124]

New technologies have the potential to lower the cost of maintaining credit histories while making the data accessible to a broad range of financial actors, including prospective investors.[125] Traditional credit histories are maintained by financial institutions or third parties, use proprietary scoring mechanisms and charge a fee to companies seeking their own credit score. Blockchain technology circumvents a trusted third party in favour of a transparent distributed ledger on which all active, closed and defaulted loans can be maintained. Investors, financial institutions and the companies concerned would thus be able to query the blockchain at any time to calculate credit scores.

Developing countries would gain from policies that help to extend the coverage of existing public credit registries. A credit registry with global coverage allows financial institutions to make more informed decisions, lowering the rates charged to good clients. According to a recent report, there is considerable room for improvement in this area in many developing countries.[126]

On the other hand, in countries that already have a stock exchange, making it easier to list SMEs on stock exchanges can be another way to encourage more funds to invest in SMEs. Listing SMEs helps to raise their public profile with customers, suppliers, investors, financial institutions and the media and provides continuing liquidity to shareholders. It also benefits investors, offering an exit route to private equity investors as well as liquidity to employees holding shares. Raising funds via stock exchanges represents a source of external long-term equity financing.[127]

SMEs have difficulties in meeting eligibility criteria for listing on traditional stock exchanges. To overcome this obstacle, some countries have created a separate exchange for SMEs, with less stringent listing requirements regarding track record, cost, corporate governance norms, reporting and time frame.

At the end of 2017, there were 54 SME stock exchanges worldwide, with only 15 in upper-middle income countries, 10 in lower-middle income countries and four in low income countries.[128] An analysis of 33 of those SME-specialized stock markets showed that they provided 6,807 companies with total market capitalization of more than $1.3 trillion.[129]

In India, for instance, an SME exchange functions within the Bombay Stock Exchange and the National Stock Exchange. The market capitalization of the SME Bombay Stock Exchange in May 2019 totalled about $380 million, with SMEs raising a record 1.79 billion rupees (about $26 million) through initial public offerings in 2017. The funds went towards business expansion plans, working capital requirements and other general corporate purposes. Foreign institutional investors and domestic mutual funds are participating on this SME exchange.[130]

Nevertheless, creating SME stock exchanges is not straightforward, particularly in developing countries. Some of the obstacles include unfamiliarity with financial markets, absence of an 'equity culture', a narrow investment base and lack of support by government policymakers to develop capital markets in general.[131]

These obstacles can be overcome with appropriate support measures, including training for SMEs on requirements for listing, regular sessions on issues such as corporate governance and investor relations and financial literacy programmes (such as those run by the Alternative Board of the Kazakhstan Stock Exchange).[132] In addition, countries without stock exchanges could negotiate an agreement to have their SMEs listed on neighbouring SME stock exchanges.

CHAPTER 3

Approaches to investing in small businesses

Investment in small and medium-sized enterprises is an increasingly attractive proposition to many asset managers. Yet it can be difficult to identify the best investment strategy to deliver returns and impact. As such several different approaches are being considered as a means to channel investment into small businesses to maximize the sustainable development dividend.

The investment community has shown concern with social outcomes in the past and has sought ways to serve the smallest firms. However, investors interested in social objectives have been stymied by difficulties in measuring social performance. In addition, the short-term nature of many investments has inhibited long-term development impact.

Recent changes in the approach and tools used to invest in SMEs are helping overcome some of these problems. On the one hand, innovative approaches to investment use the SDGs as a framework to screen projects. On the other hand, new investment tools enable investors to target and mediate their sustainable development-focused portfolio better. This chapter explores the new investment landscape, describing the range of options available to target investment in SMEs to achieve the SDGs.

Innovative approaches to investing for sustainable development

Innovative financial approaches use novel methodologies to mobilize private and public finance for sustainable development. Impact investing, blended finance and other approaches have gathered steam in recent years, fuelled by investor interest in higher returns and the common framework offered by the Sustainable Development Goals. In 2018, the global impact investment industry mobilized $502 billion in assets.[133]

Insights into the potential of innovative finance to deliver on Agenda 2030 are emerging through numerous studies.[134] Such research highlights the wide mix of approaches. It also underscores how little is known about best practices and effectiveness. As innovative ways of financing grow and mature, so should the understanding of their role in future investments in SMEs for sustainable development.

Impact investing

Impact investing is geared towards smaller businesses. This is partly because impact investors seek profits as well as socially beneficial outcomes, which means investing in businesses that employ and serve the most disadvantaged groups. These are usually SMEs.

The term impact investing was coined at a conference of financiers, philanthropists and development practitioners hosted by the Rockefeller Foundation in Bellagio, Italy in 2007. The Global Impact Investing Network's definition states that 'impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.'

It is useful to underline three points regarding the Global Impact Investing Network's definition: intention matters; the positive impact generated should be measurable; and the level of financial reward is left undefined.

Practitioners cite intention as significant for two reasons. Firstly, if an investor is seeking a positive impact on environmental, social or governance (ESG) indicators, the approach and structure of the investment may be different from a traditional investment. Secondly, without clear intentions on the part of asset managers to generate positive impact, asset owners may lose confidence in the sector as a whole.

Investing for impact or investing with impact?

The role of financial returns in impact investing is often unclear. Impact investing, as originally conceived, does not specify a rate of return. This ambiguity led practitioners to distinguish between 'impact first' investing, which treats financial returns as secondary to ESG returns, and 'finance first' impact investing, which does the reverse.[135] More recently, new terminology has emerged. The European Venture Philanthropy Association suggests that impact investing can be split into two categories: investing *for* impact and investing *with* impact.[136]

Instead of explicitly choosing whether impact or financial returns come first in an investment, this approach differentiates between investors that adopt a high-engagement and long-term approach to generating social impact using a range of financial instruments including grants (i.e. investors investing *for* impact) and those that do not (i.e. investors investing *with* impact). Based on this terminology, investing *for* impact appears to be associated to 'impact first' while investing *with* impact appears closer to 'finance first'.

How big is the impact investment market?

Recent estimates place the size of the impact investment market at $502 billion (total assets).[137] Furthermore, evidence suggests that this figure is growing rapidly.[138] The International Finance Corporation estimates that the appetite for impact investing may be as high as $26 trillion, including $21 trillion in publicly traded stocks and bonds and $5 trillion in private markets involving private equity, non-sovereign private debt and venture capital.[139]

The impact investment community is using the SDG framework to track social impacts of investments, although there are difficulties in collecting the relevant data to show impact.[140] Despite these problems, impact investments are inherently more sustainable because they take account of broader socioeconomic costs.

Nonetheless, given the extent of additional annual credit needed for SMEs in developing countries to contribute fully to attaining the SDGs – estimated in this report at $1 trillion – a fast-growing impact investment market is unlikely to be enough.

Blended finance

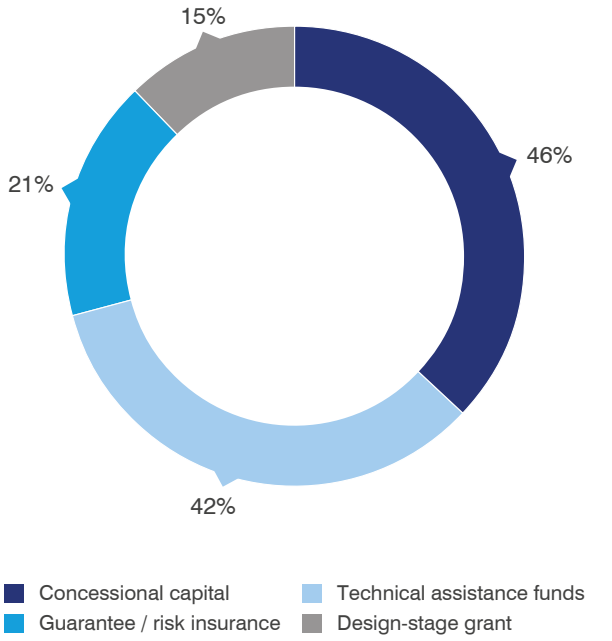
One way to reduce risk for investments in developing countries is by combining public and private financing. This can take the form of credit guarantees, technical assistance for financial intermediaries or investment recipients (e.g. SMEs), seed grants or first-loss concessional financing (Figure 13). Collectively such instruments are sometimes referred to as blended financing.[141]

Credit guarantee schemes have been used for decades to encourage banks to loan to SMEs. They promise banks that if an SME defaults on its loan, the financial institution that has guaranteed it will pay the bank a portion of the outstanding amount.

First-loss financing, on the other hand, is a newer form of public-private investment partnership. First-loss financing takes money from public and private investors and blends them in a fund that lends to SMEs, mostly via local financial institutions. If the funds lose money, however, the public capital takes the losses, and only once this capital runs out is private capital at risk (Figure 14).

Proponents of this form of blended financing argue that it is a way of attracting private capital into assets that investors have incorrectly judged as being too risky, such as SME investments.[142] A recent report by the World Economic Forum cites blended finance as among the tools with the potential to transform SDG financing, if scaled up.[143]

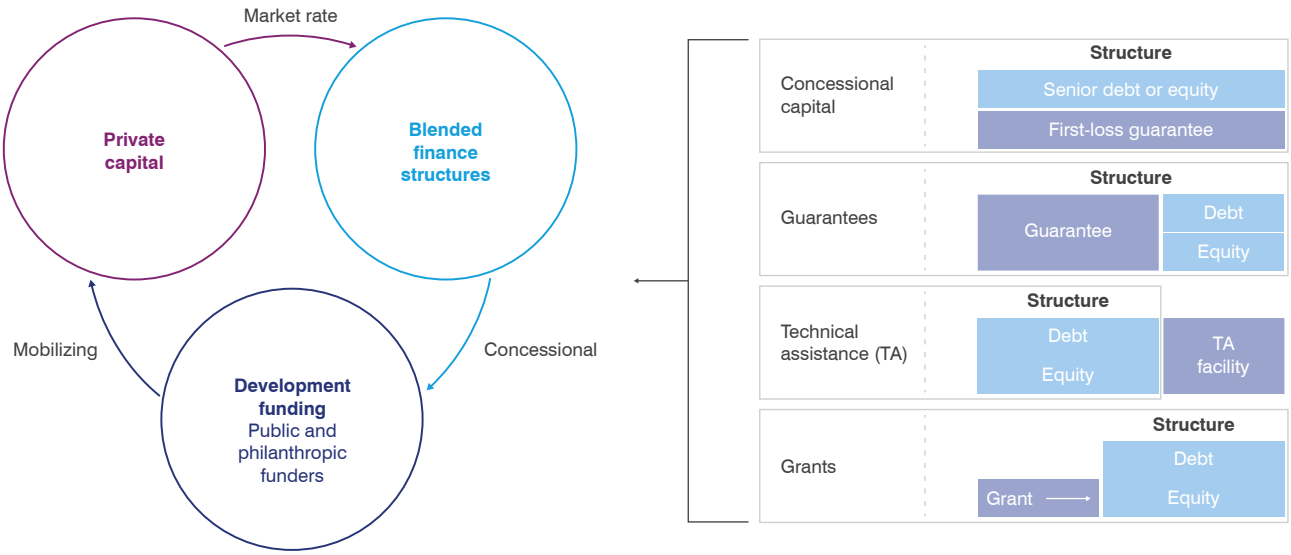
FIGURE 13 Approaches to blended finance



Note: These figures come from a survey of more than 970 blended finance investors. Data was collected by Convergence from: credible public sources such as press releases; data sharing agreements; and validation exercises with Convergence members.

Source: ITC illustration based on Convergence (2018). "The State of Blended Finance 2018".

FIGURE 14 Blended finance mechanisms and structures



Note: TA stands for technical assistance.
Source: ITC illustration based on Convergence (2018). "The State of Blended Finance 2018".

If the blended fund succeeds and makes a profit, the profitability of the investment strategy will have been proved and a new investment market may open up. In such a case, it is critical that subordinated public capital is withdrawn progressively as private capital flows in.

However, blended finance is a subsidy to selected private investors, and thus can only be justified if a market failure is being corrected. Although it can correct the market's failure to appropriately assess the risk of SME finance, blended finance can actually create moral hazard problems if public underwriting of the financing reduces recipient incentives for proper risk management. It is important to ensure that local financial institutions that receive international capital are strong and well-governed to avoid this eventuality. This is particularly the case given the need to protect the taxpayer funds that often go into blended finance initiatives.

Size of the blended finance market

A joint report by a group of development finance institutions shows that in 2017, they financed projects totalling $8.8 billion. The private sector accounted for more than $3.3 billion, development finance institutions about $3.9 billion and approximately $1.2 billion came from the development finance institutions in the form of concessional financing.[144,145] According to the report, 'blended concessional finance is a critical tool to develop private sector markets, foster innovation, and crowd in private finance in some of the most challenging settings'.

The report cites guarantees and funds for financial intermediaries serving SMEs as explicit targets for many of these funds.

Blended financing deals are mainly in the $10 million to $250 million range (Figure 15). They are predominantly used to deploy funds in developing countries. While most deals target regions in Africa, America and Asia, only a small fraction are in Europe. Sub-Saharan Africa is the most frequently targeted region, with 42% of deals. Within sub-Saharan Africa, East Africa is the most targeted sub-region.

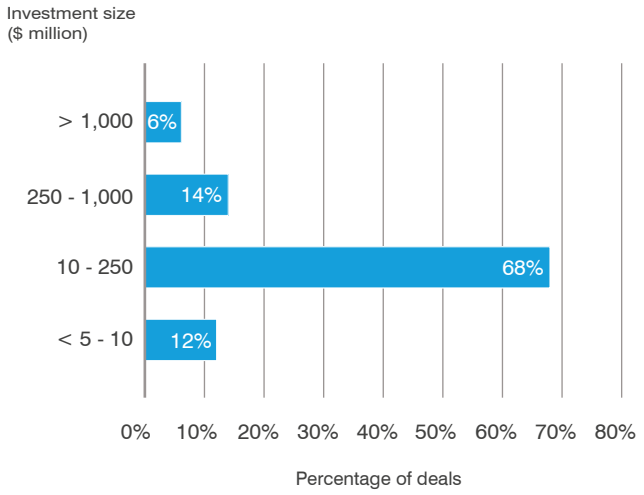
Is blended financing effective?

It is currently unclear whether some of the newer forms of blended financing are working as intended. A recent report by the OECD outlines three key challenges in evaluating blended finance.[146]

The first relates to the complexity of organizational set-ups for blended finance initiatives, involving a variety of governmental and private actors that make evaluation more difficult. A second challenge is the lack of clarity on the extent to which blending in public funding catalyses private sector investment for development that is new and additional.[147] Thirdly, blended finance evaluations and methods vary, making it harder to generate a broad knowledge base on the effectiveness of blended finance that goes beyond the assessment of individual initiatives.

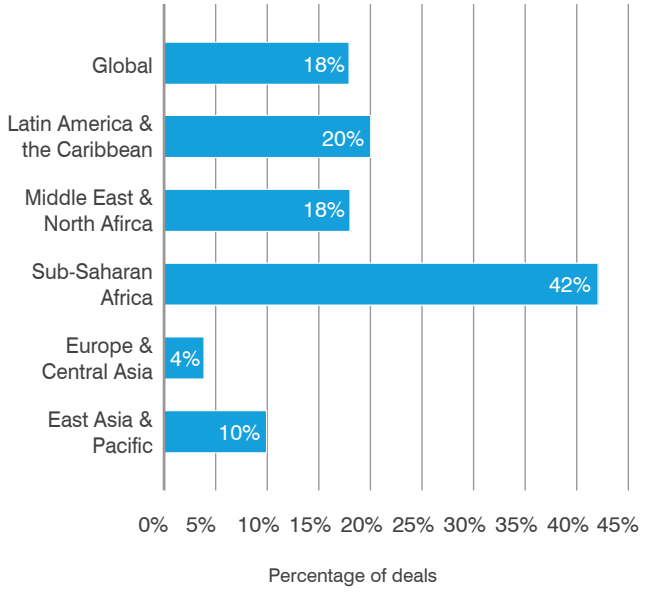
A recent report by the Overseas Development Institute assessing the effectiveness of blended finance found that

FIGURE 15 How big are blended finance deals?



Source: ITC illustration based on Blended Finance, Convergence website.

FIGURE 16 Blended finance deals by region



Note: 'Global' refers to global blended finance transactions that do not have a regional focus.

Source: ITC illustration based on Convergence (2018), "The State of Blended Finance 2018".

$1 of public investment mobilized, on average, $0.75 of private finance for developing countries and only $0.37 for low income countries.[148] Furthermore, the public sector covered 57% of the cost of blended finance investments on average in developing countries, and 73% on average within low income countries. Scaling up blended finance on these terms may prove difficult if the ratio of private to public funds does not increase substantially.

Measuring investment's contribution to sustainable development

Investors are increasingly interested in determining whether their investment portfolios contribute to sustainable development. Yet, as the 2019 *Finance for Development* report notes, there is no widely agreed methodology for assessing the influence of investment on sustainability.[149]

Rigorous approaches to measuring impact on sustainability are needed to demonstrate that investment funds supporting sustainable investment are really working. Such measurement is key to attracting more investment in SMEs for the SDGs, as evidence of impacts is likely to bolster the incentive to invest. Moreover, measuring is a tool for change, helping to improve investment practice and the capacity of financial and business actors to embrace sustainability objectives.

The investment community has in the past sought to mitigate harmful effects and support positive ones through the use of sustainability measurement. Codes of conduct were among the earliest such efforts, created by multinational corporations in reaction to concern among consumer and labour organizations about working practices and environmental conditions. Codes attempted to benchmark and improve social and environmental performance among the multinationals and their suppliers.

While multinational companies initially created and audited such codes themselves, they faced concerns about impartiality. Models to evaluate compliance evolved, eventually using verification by independent external auditors, and today independent social auditing firms design and audit many codes.[150]

Socially responsible investment typically entailed screening mechanisms to exclude firms in sectors with adverse performance in environmental, social and governance (ESG) matters or that posed ethical problems. However, there also has been positive screening to include firms with good ESG practices. Several bilateral investment accords refer to labour and environmental issues,[151] and many of the rulings in disputes between investors and governments based on those agreements have helped clarify sustainable development in an investment context.[152] Evaluations of microcredit schemes have looked at social performance, deploying measurement tools and working to standardize social performance indicators.[153]

Some investors prefer to invest in enterprises that have been certified to a particular voluntary sustainability standard (VSS). Fair trade, organic, Rainforest Alliance and other VSS schemes are usually crafted by non-governmental bodies,

TABLE 4 Environmental, social and governance indicators

Environmental	Social	Governance
Energy consumption	Human rights	Quality of management
Pollution	Child and forced labour	Board independence
Climate change	Community engagement	Conflict of interest
Water production	Health and safety	Executive compensation
Natural resource preservation	Stakeholder relations	Transparency and disclosure
Animal welfare	Labour rights	Shareholder rights

Source: ITC.

audited by independent agencies and address specific environmental and social criteria.[154] Some ISO standards – notably the 14000 environmental series – gauge the sustainability performance of adopting firms. The proliferation of sustainability standards led to the creation of an umbrella organization, ISEAL, which oversees member VSS schemes to ensure they follow best practice.

There are several international guidelines that highlight how investment, and businesses, can promote sustainable development. Examples include: the United Nations Guiding Principles on Business and Human Rights; the United Nations Global Compact 'Ten Principles'; the International Labour Organization's Multinational Enterprises Declaration; OECD Guidelines for Multinational Enterprises; the Principles for Responsible Investment; and the Global Reporting Initiative 'Sustainability Reporting Guidelines'. These guidelines contain a variety of ESG indicators. Even though a definitive list of internationally agreed ESG indicators does not exist, Table 4 presents some of the most cited ESG issues.

This multitude of sustainability measures for investment has only recently started to coalesce. With agreement on the SDGs in 2015, and improved measurement techniques, a shared approach to measuring sustainable investment has started to emerge.

BlueOrchard, an impact investment fund, launched a reporting tool called the Social Performance Impact Reporting and Intelligence Tool (SPIRIT) in 2009. SPIRIT was designed as an impact management system that can be used by financial institutions – such as banks offering services to SMEs – to assess the impact of an investment, project or business across its entire lifecycle. It considers the intent of recipients in its strategy, balance between financial and impact returns, contribution to achieving SDG objectives and public disclosure.[155]

It is aligned with the International Finance Corporation's Operating Principles for Impact Management.[156] The principles are designed to guide the process of managing investment funds with the aim of contributing to measurable positive social, economic or environmental impact, alongside financial returns. The process laid out is a template for how to integrate sustainability into the full investment lifecycle. It is oriented around strategy, origination and structuring, portfolio management, exit and independent verification.[157]

The Gold Standard for the Global Goals is gaining traction as a popular tool to measure the sustainability of investment. Managed by SustainCERT, the scheme is a next-generation flexible standard that provides for ongoing improvements. It aims to enable investors and firms to quantify, certify and maximize their impacts on climate security and attaining the Sustainable Development Goals.[158]

The credibility and effectiveness of these tools is deeply tied to how they are enforced.[159] Compliance with sustainability standards can be verified by an independent auditor that is affiliated with a certified accreditation body. Auditors should offer reasonable rates,[160] advice on how to improve production process,[161] integrate gender considerations[162] and be flexible with the cooperative and other organizational forms SMEs in developing countries use to get certified.[163]

Yet the enforcement of sustainability standards goes beyond auditing, since intent and ethical behaviour cannot fundamentally be measured. When implemented in a constructive spirit, with the intention of promoting sustainable development, standards for sustainable investment can make a real difference.

THOUGHT LEADER

Technology is key to closing the trade finance gap

John W.H. Denton

Secretary General, International Chamber of Commerce (ICC)

Trade finance is considered low risk, with a default rate of less than 1%, according to the International Chamber of Commerce's latest Trade Register Report. Yet there remains a significant and persistent gap between its demand and supply, currently estimated by the Asian Development Bank to be about $1.5 trillion.

A principal cause for this gap stems from regulatory and compliance requirements. Worryingly, 93% of bank respondents to ICC's 2018 Global Survey on Trade Finance viewed regulation and compliance as an obstacle to their growth prospects in the financing of international trade. Regulations aimed at countering the financing of terrorism and international sanctions were of particular concern, with more than 50% of respondents stating they were extremely concerned about the impact of such regulations and sanctions on their ability to provide adequate levels of financing to support cross-border trade.

Heavy impact on MSMEs

Persistent gaps in trade finance can lead to exclusion of MSMEs from the trading system.

This gap especially affects micro, small and medium-sized enterprises (MSMEs). According to the survey, about 40% of rejected transactions involved MSMEs in 2017. MSMEs in Africa were the most likely to face rejection – with 46% of applications declined – while those in North America were the most successful, with about 70% of requests approved. Persistent gaps in trade finance can lead to exclusion from the trading system. As key players and major employers in many economies, the impact on MSMEs is therefore particularly concerning.

As a result, bridging the trade finance gap has been a long-standing objective for the finance sector. While digitalization will not happen overnight, it brings opportunities to address some key issues. Firstly, as the sector moves towards digital processes and paperless trade, new actors – such as fintechs, non-banks and alternative financiers – will enter the market. They are expected to help reduce the gap by decreasing the cost of delivering trade finance and providing greater market capacity, so that SMEs will no longer be solely reliant on banks for their financing needs.

Secondly, emerging technologies such as distributed ledger technology (DLT) also hold promise. Smart contracts, based on DLT, will be able to execute automatic money transfers as merchandise is shipped across international borders and predefined commercial and financial trigger events take place.

While digitalization will not happen overnight, it brings opportunities to address some key issues in bridging the trade finance gap.

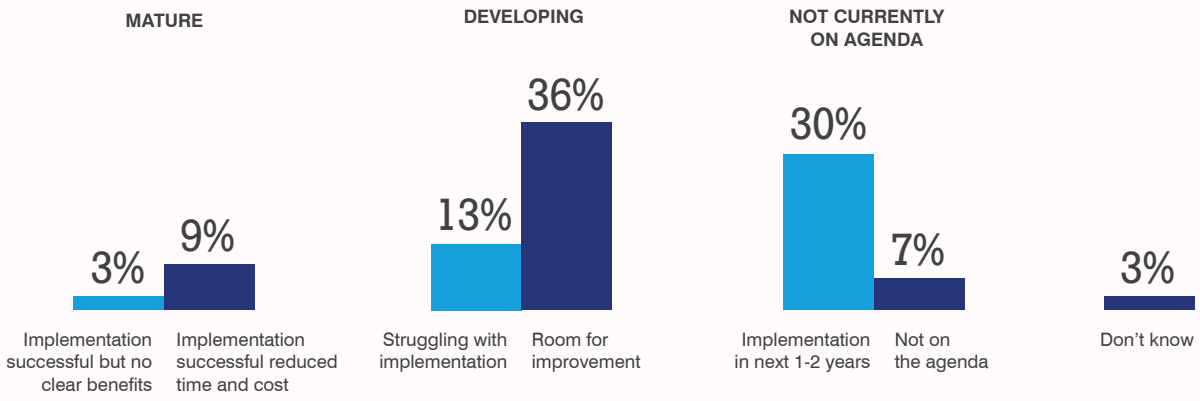
Assistance needed on compliance

Technology, therefore, holds immense potential to transform the trade finance industry. Yet, significant advances remain necessary for it to close the trade finance gap entirely. While technology can help decrease costs and increase market capacity, MSMEs will require extensive help addressing compliance and regulatory obligations. These include assessing performance risks and determining compliance with requirements on money laundering, Know Your Customer and Know Your Customer's Customer, for example.

As a result, to end the financing gap, it is necessary to strive for standardized regulations and new rules for trade finance that are fit for a digitized industry. Large global market gaps for trade finance persist, and technology presents an opportunity to resolve these, but success depends on a concerted effort from all market participants.

ICC GLOBAL SURVEY ON TRADE FINANCE

How digitalized are your trade finance operations?



$700 billion

Estimated unmet trade finance demand in developing Asia each year

Source: International Chamber of Commerce.

Innovative investment tools to promote sustainable development

The proliferation of investment instruments in the last decade has extended to new tools for investors interested in financing sustainable development. Many of these explicitly target small businesses in developing countries.

This subsection describes some of the most promising investment tools, but it is far from exhaustive. A discussion of SDG bonds and trade finance funds illustrates how such tools can address the financial needs of small enterprises, yield good returns and promote sustainable development. At the same time, they offer a pointer to the future direction of sustainable investing.

SDG bonds

SDG bonds are a relatively new financial instrument created in response to two factors. On the one hand, investors are struggling to identify opportunities that contribute to the SDGs. On the other hand, many firms are operating in sectors with SDG impacts, and/or incorporating sustainability into their business models.

SDG bonds bring these two actors together on global capital markets through fixed income bonds with SDG themes that are accompanied by a governance mechanism to ensure that investments go towards SDG-related activities.

For example, a bank could package its outstanding sustainability-related SME loans into a consolidated debt portfolio and sell it to a financial intermediary. The financial intermediary may be a national or international financial institution that raises funds on global capital markets by issuing a corresponding SDG bond tied to the portfolio of financial instruments.[164]

In Asia, the World Bank partnered with BNP Paribas as part of the 'SDGs Everyone' initiative to issue SDG bonds. The return on investment in the bonds is linked to the stock performance of 30 companies included in the Solactive Sustainable Development Goals World MV Index. The companies dedicate at least a fifth of their activities to sustainable products, or are recognized industry leaders on socially and environmentally sustainable issues. Their performance is assessed using the methodology developed by Vigeo Eiris Equities, a global provider of environmental, social and governance research for investors and corporations. The World Bank has on several instances leveraged its triple-A credit rating in partnerships with regional banks that issue SDG bonds.[165]

Other development agencies have begun using SDG (or 'impact') bonds to finance development projects. The United Nations Development Programme, for example, is exploring how to use bonds to reduce rhino poaching in Southern Africa, support tobacco farmers in Zambia transition to alternative farming and to help dairy farmers in rural Armenia improve productivity.[166]

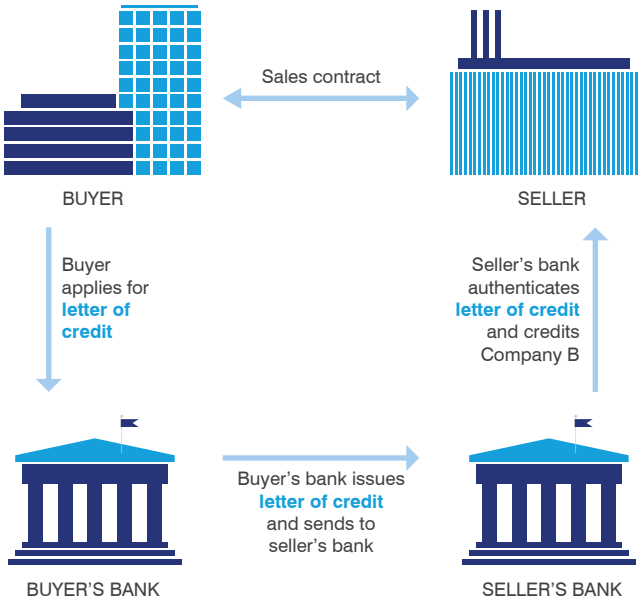
The SDG bond market is relatively small in size, though it has potential for growth. Research by the Brookings Institute suggests that there was just $370 million in 135 SDG impact bonds in 28 countries, including 10 in developing countries.[167] While most SDG bonds are reserved for institutional investors operating at scale, innovations in the impact investing industry are improving their accessibility to other actors and smaller asset classes.[168]

Trade finance

Investments in trade finance funds can help mobilize finance for SMEs engaged in trade. With an average default rate of just 0.02%, a short duration and good returns,[169] some investors view trade finance as an appealing investment opportunity.[170]

Trade finance facilitates the sale of goods to foreign customers. This helps SMEs compete on global markets, as it widens their customer base and lowers the risk of not

FIGURE 17 Trade financed via a letter of credit



Source: ITC illustration based on WTO (2016). "Trade finance and SMEs: Bridging the gaps in provision".

being paid, enabling them to grow and hire more employees. As a result, investment in trade finance for small companies can play a significant role in promoting economic development.

Trade finance involves providing funding or guarantees to support the movement of physical goods across borders. It is designed to improve financial liquidity and reduce the risk of trading.

When exporting and importing companies strike a deal, the exporter prefers payment when it ships merchandise, but the importer is only willing to pay once it receives the merchandise. This reflects the fact that exporters are concerned about not getting paid for what they have sent, while importers fear not receiving what they have paid for.

Trade finance solves this problem through the intermediation of banks. When an importer's bank issues a letter of credit, it guarantees that it will pay for the goods supplied by the exporter (Figure 17). When the exporter's bank accepts the letter of credit from the importer's bank, it agrees to pay the exporter once the exporter proves that it has shipped the goods. The transaction is complete when the importer pays its bank for the goods it receives.

As the most popular, though not only, form of trade finance,[171] letters of credit shift the risk and financial burden of the trade to intermediating banks. Trade financing thereby provides the credit, guarantees and insurance needed to finance the transaction a way that is satisfactory to both the exporter and importer.[172]

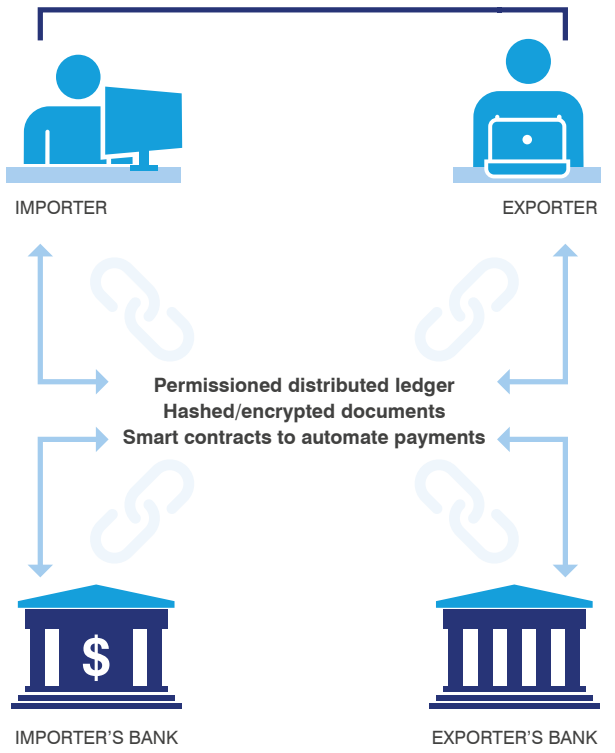
Shortage of trade finance for small business exports

Approximately 90% of global trade in merchandise benefits from some form of trade financing. Research suggests that between $12 trillion and $16 trillion in international trade finance is provided annually around the world.[173] Its pervasiveness and necessity has led some to describe it as a 'lubricant' or 'catalyst' driving the wheels of international trade.

Yet there is a shortfall in trade financing, with SMEs facing the greatest barriers in accessing it.[174] Roughly half of trade finance requests by SMEs are rejected, compared with 7% for multinational companies. In Africa alone, there is approximately $120 billion in unmet demand for trade finance.[175]

The stronger regulations adopted in the wake of the 2009 financial crisis have affected trade finance. The Basel III international regulatory framework for banks aims to strengthen the regulation, supervision and risk management of banks to avoid another financial crisis. Yet the enhanced financial controls and due diligence

FIGURE 18 Trade financing using blockchain technology



Source: ITC illustration based on Ganne (2018).

requirements that banks have adopted to comply with Basel-based regulations have increased compliance costs while only partly mitigating the enlarged risks associated with engaging in cross-border trade, post crisis.

According to one estimate, Basel III has increased some banks' capital requirements for trade finance by as much as 70%.[176] It also heightened perception of regulatory risk linked to money laundering, terrorism and the need to know customers. This has led many banks to cease trade finance activities, reducing the number of correspondent banks.

Advancing trade finance through digitalization

In response to this shrinking pool of correspondent banks, and in light of new technologies, global banks are investigating options involving digitalization. Such financial technologies promise to reduce the cost of processing trade finance transactions and mediate the last mile of trade finance. According to some estimates, digital technologies could reduce the cost of traditional paper-based trade financing by up to 35%.[177]

Following a period of development, the first web-based trade financing and logistic platforms are coming online.

Offered mainly by fintech firms based in the United States and East Asia, these platforms allow users to post assets for distribution, negotiate deals and manage supporting documentation.

Trading financing platforms using blockchain technology are also being set up.[178] Blockchain trade finance technologies have two advantages over traditional systems. Firstly, all relevant documentation is stored on a single 'trustless'[179] database accessible to all participants. Secondly, by using a series of 'smart contracts', transactions can be executed automatically according to pre-agreed rules. For example, once an exporter's goods reach the destination port and the items are scanned, the blockchain is updated and the importer's bank pays the exporter's bank. Another advantage of blockchain technology is that the payment itself can be executed over the blockchain network.

The impact of these new technologies, however, has been limited by the absence of relevant regulatory frameworks and uncertainty about intellectual property and data protection rules. Although the platforms are beneficial for buyers managing integrated supply chains, they can be burdensome for SMEs that have to use several uncoordinated digital platforms to service multiple buyers.

Trade finance funds

The thinning of the correspondent bank network and increasing regulatory risks have also prompted banks to reach out to the investment community to underwrite trade finance activities. Indeed, 37% of trade finance institutions surveyed by the ICC in 2016 said they successfully transacted with institutional investors, a 30% increase from a year earlier.[180]

In such collaborations, banks administer the trade finance services for end-clients, but turn to investors via trade finance funds to provide the capital and assume the risks. This allows banks to avoid the regulations and risks associated with trade finance while still offering the service to customers.

Trade finance funds differ in composition and focus. Some give finance for trade letters of credit for SMEs. Others include more sophisticated financial products such as commodity trade financing instruments for investment-grade commodity firms, receivables finance and/or supply chain finance. Some funds, meanwhile, concentrate on particular sectors or geographies.[181]

To date, the asset owners investing in trade finance funds are largely institutional investors, although some family foundations and high net worth individuals have become involved. Industry estimates of the total assets placed by institutional investors in trade finance ranged from $7 billion to $25 billion in 2018.[182]

Policies to encourage investment in trade finance

Aid for Trade initiatives have provided important support for trade finance. For example, multilateral development banks have worked to build the capacity of local banks in developing countries to provide correspondent bank trade finance services to SMEs while demonstrating compliance with new financial regulations. They have also provided trade finance directly.

The Trade Finance and SMEs initiative, launched in 2016 by the WTO, has advanced such work. The initiative has brought together multilateral organizations involved in trade financing, including through the WTO Expert Group on Trade Finance. The amount of trade supported annually since the beginning of the initiative has increased by about 50%, to around $30 billion in 2018.

New laws on compliance, fintech and cybersecurity have helped promote the policy agenda on trade finance in many countries. Professional associations for trade finance have focused on easing compliance, improving cybersecurity standards and promoting the low risk profile of the industry. A new publication by the WTO and IFC, due to be released in 2019, shares best practices on regulatory compliance in trade finance.

CHAPTER 4

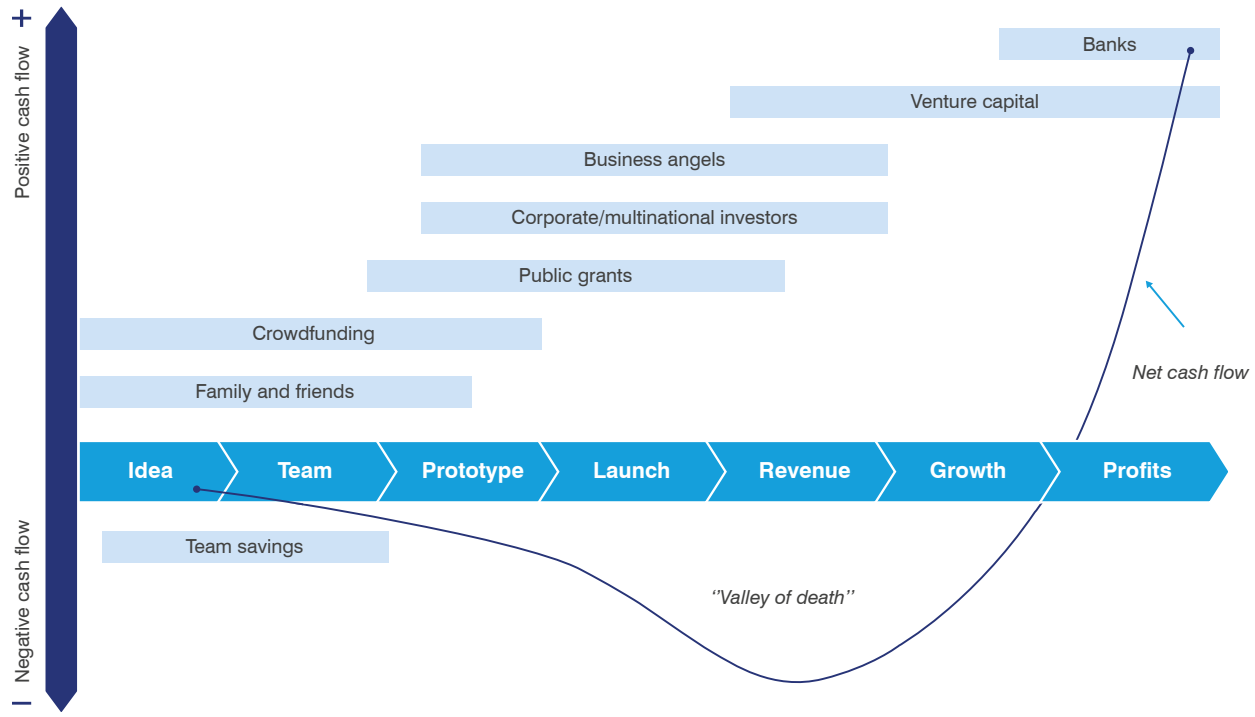
Getting small businesses investor-ready

Financial innovations, such as microfinance, mobile money and online banking, have helped millions of enterprises interact with the financial sector. However, many SMEs still struggle to get the loans or equity investments they need to start up or expand a business.

Part of the challenge lies with SMEs. They need to know how to speak to potential investors. This includes presenting a solid business plan, and signalling awareness of market requirements and the ability to meet them. Demonstrating an awareness of risk, and acting to minimize it, can also help alleviate investor concerns.

But many SMEs are unaware of the factors that investors examine when deciding whether to invest in an SME. Furthermore, many SMEs are unfamiliar with the array of financial options available to them. This chapter seeks to help policymakers understand the central elements of concern to start-ups and SMEs when trying to attract financing.

FIGURE 19 Development stages of start-ups and SMEs



Note: The position of the investors indicates the stages at which they typically invest. The 'valley of death' is the term used by start-ups for the period during which their cash flow is negative.

Source: ITC illustration based on Nielsen (2017).

BOX 7: What is a minimum viable product?

According to a recent book on how entrepreneurs leverage innovation to create successful businesses, every start-up and SME begins by building a minimum viable product, and uses this to validate its hypotheses about customer needs.

Minimum viable products are defined as products with just enough features to attract the interest of customers and gather their feedback. They are a major focus for start-ups in early development stages. With a minimum viable product, firms can gauge the initial reaction of potential investors and customers, and begin to assess the price at which their product might sell.

Source: ITC.

From start-up to success

Creating an enterprise can be divided into several stages, some of which may be executed in parallel (Figure 19). First, there is the 'idea stage' during which entrepreneurs develop an inspiring, value-creating proposition backed by a viable business model. The traditional approach is to identify a gap in the market or create a new market. To test their ideas and refine the business model, entrepreneurs have to develop a solid understanding of the expectations and behaviour of future customers, as well as the competitive and regulatory landscape.[183]

In Figure 19, the idea stage is followed by the team stage, although in practice both stages often take place in parallel. The selection of team members has a direct impact on the quality and scope of the business plan, which is typically made up of market analysis, technical product proposals and strategic assessments. Forming a team with a broad set of complementary skills is preferable to individuals with the same skills.

Once a team is in place, the start-up can embark on an iterative process of product development and testing aimed at launching a viable product.[184] Start-ups often refer to the development stage of their products with terminology from software development (pre-alpha, alpha and beta).[185]

The pre-alpha stage refers to activities performed before formal testing. At the end of this stage, the enterprise should have a rough working prototype of its final product. The alpha stage begins with the first formal testing of the product, which can be done internally or externally. The beta stage is the product refinement stage, getting the final product ready for consumption.

Once the product is ready, it may be launched. If the product is geared towards consumers, a visible launch may be necessary, but if it is targeted to smaller specific audiences, such as industry professionals, other more targeted approaches may be more effective.[186]

Once the product starts to sell, start-ups generate revenue, and can consider increasing their production to meet demand. However, start-ups that get to this stage are often confronted with some tough choices.

Expanding production often entails a higher cost base, taking on debt or selling equity. If the start-up misjudges the pace at which revenues will expand, the size of its market or allows its operational costs to grow too fast, it may run out of cash before new sales are able to support the business. In the world of start-ups, this time period is often referred to as the 'valley of death',[187] presumably due to the number of start-ups that fail for the aforementioned reasons. However, once a business has reached profitability, it is generally considered mature, even if it remains small.

Figure 19 also illustrates the funding options available to start-ups at each stage of development. At first, personal savings and family and friends play an important role. Once a team has formed around an idea, public grants become an option. This report focuses on the role that international private investors can play to support investment in SMEs. Thus the role that public grants play is not covered in detail, although they are an important source of seed capital for start-ups. In developed and developing countries alike, there is a distinct lack of private early-stage capital.[188]

Once a start-up has a minimum viable product, which is often referred to as a minimum viable product (Box 7), business angels and corporate investors become interested in the business. When the start-up has a product that is ready to scale, venture capitalists become interested. This is because venture capitalists specialize in providing large sums of money for a more aggressive market expansion. Traditional bank loans are only an option if the start-up has a proven revenue stream or collateral.

Crowdfunding is an exception to the staging process (Figure 19), in that such funds may be acquired at all stages of the process. Crowdfunding is discussed in more detail in Chapter 5.

The framework presented in Figure 19 describes the development cycle of start-ups, but this approach applies equally well to established SMEs seeking to develop a new product or to scale up. A crucial advantage that established businesses have over start-ups is that they are often able to fund the entire product development process through their savings or bank loans.[189]

This is not always the case, however, as established SMEs may need capital to develop prototypes, launch an existing product overseas or expand production. Therefore, the framework presented in Figure 19 can be used to assess funding options for start-ups and SMEs.

Once the start-up identifies the funding option it wants to pursue, it needs to prepare.

Presenting an enticing investment opportunity

This section focuses on the way start-ups or SMEs prepare their business plans, signal their quality and drum up excitement around their company's future prospects, highlighting actions policymakers can take to help SMEs secure the investments they need to grow.

Preparing business plans

There is a debate among investors, entrepreneurs and academics on the usefulness and relevance of business plans.[190] The traditional view is that business plans are an essential tool to convince investors of the merit of a business idea. However, the length, assumptions and

BOX 8: Sample business plan executive summary

Company: Tunga Recycled Fashion Inc., Accra, Ghana (fictitious company).

CEO: Kojo Nelson and Ama Abrafi.

No of employees: Five.

Problem: Every day, the Accra metropolitan area produces several tons of plastic waste, tires and other material waste, only part of which is collected. However, raw materials such as leather, draperies and rubber are expensive for Tunga Recycled Fashion Inc. Using material waste reduces costs for purchasing materials and allows the company to increase production.

Solution: Tunga Recycled Fashion Inc. collects and buys up used tires, plastic waste, recycled cloth and other waste material in Ghana and turns them into fashionable, unique handbags and backpacks. The company is specialized in modern upcycling techniques to reuse plastic, rubber and textile waste to make top-notch, handmade fashion articles.

Industry: Fashion.

Product: Trendy handbags and backpacks under the brand 'Lovely Green Day'.

Business model: The products of Tunga Recycled Fashion Inc. are sold in fashion boutiques in Accra and on the firm's homepage. Customers can create their own bag online by choosing materials, colours and form.

Unique approach: Fashionable, handmade and durable products made by recycled material in Ghana. Each bag is a one-off, with a special design and mix of materials.

Market: Accra is the main market for testing the products and business model.

Status: Product launched in 2016. Sales numbers: first year, $20,000 and second year, $55,000. Supported by the African Development Bank.

Traction: Following the product's launch in Accra in 2016, there are plans to begin selling in three more cities in Ghana and in other West African countries, such as Côte d'Ivoire, Nigeria and Senegal, in the next two years.

Contribution to Sustainable Development Goals (SDGs): Tunga Recycled Fashion Inc. contributes to SDG 3 (*Good Health and Well-Being*), SDG 6 (*Clean Water and Sanitation*), SDG 11 (*Sustainable Cities and Communities*), SDG 12 (*Responsible Consumption and Production*) and SDG 14 (*Life Below Water*).

Source: ITC.

complexity of some business plans may discourage investors from engaging.

Business plans have three main objectives. Firstly, they are tools that allow businesses to communicate more easily with potential lenders and investors, as well as employees. Secondly, they can be used to apply for loans or equity-based capital, and thirdly, they can be used to guide internal changes.

The value in writing a business plan may not lie in the end product itself, but rather in the questions it forces entrepreneurs to answer. Whether an early stage start-up needs to write a business plan depends on the local business culture and the preferences of individual investors. Early stage start-ups usually do not have more than an idea and a minimum viable product. This may be enough to secure small sums of money.

As the start-up venture grows, however, a business plan becomes indispensable. While it may be useful to write a detailed business plan, the best way to consider it is as part of the preparation process for attracting investment. Business angel and venture capital networks usually sift through applications that are a mix between a business plan and pitch. These plans are often only a few pages long and force the entrepreneur to communicate the central value proposition in as few words as possible.

If they are successful, entrepreneurs are invited to present their business idea. This is when having gone through the process of writing a business plan may help by improving the entrepreneur's pitching performance.

A business plan should include key company facts, a description of the product and the problem it solves, and the way the business intends to generate revenue. Other important, secondary elements include a marketing and operational plan.

A well thought-out business plan can be summarized in one page, as shown in Box 8, an example using a fictitious company. Such a one page summary is often what prospective investors will use to determine whether they are interested in talking to entrepreneurs. It also serves as an effective outreach tool.

Signalling quality and reliability through standards

Research shows that for SMEs, adopting standards is an important gateway to international trade, given that buyers are increasingly demanding certification to such standards. Information on standards is relevant to investors seeking proof that the business is ready to go to market. Indeed, research demonstrates that there is a close relationship between adopting international standards and export volumes, productivity and revenues.[191]

However, navigating the maze of standards is no easy job, especially for SMEs. There are private quality standards, government food safety standards, voluntary sustainability standards and more. Enterprises must learn which standards are relevant to their business, decide whether to adopt one or more, implement the necessary changes and be certified for compliance.[192]

SMEs in developing countries tend to find it challenging to adopt standards. High costs, lack of technical information about implementation, inadequate quality infrastructure and coordination difficulties affect the ability of SMEs to implement standards. These factors also have an impact on whether adopting standards is profitable.

Policymakers have an important role in ensuring national quality infrastructure supports standards that enable access to lucrative markets.[193] National quality infrastructure is a key factor affecting cross-border investment decisions.[194]

Although it is known that many SMEs adopt standards as part of a strategy to access new export markets,[195] their role in attracting investment has garnered less attention. Do investors consider potential adoption of standards in their investment decisions?

Adopting market-relevant standards shows investors that the business is taking a strategic approach to marketing. If the SME business plan targets specific markets, nationally or inter-nationally, investors will consider whether the business meets certification requirements in those markets. Strategies regarding standards should also be integrated with production needs and opportunities. Ideally, the chosen standard should be in demand in target markets, help address weaknesses in businesses' production and sourcing and be recognized by investors.

Perhaps most significantly, standards provide a signal of the enterprise's quality to prospective investors.[196] The adoption of baseline standards – such as the domestic government's food safety practices or of industry best practices – can reassure investors that the business is well run and abides by best practices in its sector.

Some investors require proof of compliance with certain standards. This may entail furnishing certification regarding basic accounting standards, qualifications of senior management or recognition from an internationally accredited laboratory that products have recently been certified as compliant.

If investors are interested in making a sustainable development impact and have integrated reporting and measuring those impacts into their investment cycle,

they can also look for certification to voluntary sustainability standards such as organic, ISO 14000, fair trade, Rainforest Alliance or their own preferred measurement tools.

Investors differ in the standards they prefer. Studies show, for example, that while adoption of ISO 14000 standards on environmental management can help mobilize international investment, they can fail to attract domestic investors in developing countries.[197]

Being visible

Investors sometimes complain that they struggle to identify investment opportunities. This is partly because there is a lack of information on potential investments, especially within developing countries.

Chapter 2 highlighted some of the challenges associated with the first step of the investment process (identifying opportunities), and Chapter 5 discusses how investment facilitators, such as business accelerators or investment promotion agencies, can help bridge this information gap. SMEs, however, can increase the chances of securing investments by making themselves more visible to investors.[198]

Start-ups often make the mistake of writing a business plan and then directly pitching it to investors, such as business angels. Most start-up investors will turn down such proposals, because an idea on its own is not worth much.[199] Start-ups that can show more than a business plan, such as a minimum viable product, a registered patent or other sign of tangible progress, have a better chance of piquing an investor's interest. Therefore, the best way for a start-up to generate visibility is first by doing, and second by making that progress visible.[200]

The specific outreach strategy depends on the start-up's ultimate customer base.[201] If the start-up intends to sell consumer products, for example virtual-reality headsets, an advertising campaign can build enthusiasm among potential customers.[202] This in turn helps convince investors that a market exists for the product.

If, however, the proposed product is a new client relationship management system, a public campaign may not be the best strategy for outreach. In such a case, it might be better to find investors that have experience in this segment of the market and court them over an extended period. Attending relevant conferences and making presentations can also help build the start-up's credibility.

When a public advertising campaign makes business sense, start-ups are likely to find that it can be both easier and harder to generate visibility in today's hyperconnected world.[203] The internet, social media and professional networks have made it easier to connect with potential suppliers, customers, competitors and investors.[204] At the same time, the proliferation of news articles, tweets and other types of information have made it more difficult to attract attention and rise above the noise. Creating high-quality content, combined with efforts to target the specific audiences, can be effective. This could involve leveraging social media advertising techniques, writing blog posts on strategically selected websites or making presentations at industry events.

An established SME, for example a small food processing plant, is likely to follow a different investment outreach strategy. For this type of SME, building commercial links with other businesses may lead to deeper forms of collaboration and eventually some form of investment. To build those links, it can help to attend trade fairs and industry events, or register with the national investment promotion agency. Public institutions, such as trade promotion organizations or sector associations, can assist by supporting participation of SMEs in international trade fairs and industry events.[205]

Access to the internet is essential in gaining visibility. There are a number of projects aimed at bringing more bandwidth to Africa and Asia, to cut down costs for end users. These include the Eastern Africa Submarine Cable System, financed by the World Bank and the Development Bank of Southern Africa.[206]

How investors view and assess enterprise risk

Understanding risk from an investor's perspective can help start-ups and SMEs anticipate concerns investors may raise during an investment application process. Although investors can ask questions regarding specific risks, they cannot always assess all the risk factors associated with an investment opportunity.[207] This is why it is important that enterprises, especially established ones, demonstrate that they take a systematic approach to risk management. The following are the most common types of risks that concern investors.

Market risk

Market risk involves interactions with the fundamental actors in a market – suppliers, competitors and buyers.[208] On the supplier side, supply chain risk management attempts to understand and reduce the vulnerability of supply chains to disruptions, whatever their cause.[209] Start-ups and SMEs aim to demonstrate to investors that they have reliable access to the inputs needed to produce their products or service, or to demonstrate knowledge regarding uncontrollable risk factors, such as unanticipated tariffs.[210]

THOUGHT LEADER

Small business is the backbone of Rwanda's economic journey

Clare Akamanzi

Chief Executive Officer,
Rwanda Development Board

Rwanda's economy has grown at a rate of more than 7% a year since the horrors of the genocide against the Tutsi in 1994. Driving Rwanda's economic growth are our small and medium-sized enterprises (SMEs). Today, SMEs account for about 98% of businesses and 41% of private sector employment.

This is not accidental. In its Vision 2020 development plan, the Rwandan government said growth would be achieved if all stakeholders – development partners, private sector and government – played their part in strengthening SMEs. We understood that SMEs, both formal and informal, would play a crucial role in lowering Rwanda's trade imbalance and generating off-farm employment.

Strategy based on clustering

Firms working together in a cluster are better able to respond to the challenges of the global market.

When SMEs work collaboratively within a cluster, they have new market opportunities and share the cost of certification and monitoring. We have found that this reduces costs and increases learning. Clusters engender collective action, dialogue, trust, knowledge sharing and capacity building. Clusters are also a useful entry point for stakeholders, including the government, seeking to support private sector development. Firms working together in a cluster are better able to respond to the challenges of the global market.

Local SMEs face a myriad of challenges. These range from difficulty accessing affordable credit, management weaknesses and lack of access to regional and international markets.

At the Rwandan Development Board (RDB), we support local SMEs in four main ways: facilitating standards certification; promoting market linkages; facilitating access to finance; and promoting skills development and technology transfer.

Over the past five years, we have assisted 44 local agroprocessing SMEs to obtain S-Mark certification. By sharing 50% of the cost of obtaining the S-Mark with local SMEs, RDB has supported local cheese, yogurt and juice manufacturers to access regional and international markets as well as the local market.

Over the last two years, we have assisted 259 SMEs to participate in local international exhibitions and trade fairs and promote their products in regional and overseas markets including China, Germany, Kenya, Italy, Tanzania, and the United Kingdom. In addition to purchasing exhibition stands, RDB connected the SMEs with potential international buyers.

Through its pro-business reforms, Rwanda has reduced the overall cost of doing business.

Regarding access to finance, over the past two years we have linked 127 SMEs to financial institutions, from which they have received seed capital of $10,000 each. Furthermore, through the Business Development Fund, Rwandan SMEs have accessed loan guarantees of up to 70%.

In partnership with the International Trade Centre (ITC), we trained 50 local textile professionals, provided business advisory services to 198 SMEs in agribusiness and manufacturing in collaboration with the Business Development Center and trained 22 meat processors in standard compliance in partnership with the Rwanda Standards Board.

Following the partnership with Alibaba, we have linked a number of coffee and handicrafts businesses to the Chinese market. Consequently, three SMEs secured buyers and are currently exporting their products to China. Today, SMEs in the coffee business are receiving up to $12 a kilogram for their coffee, up from the $8 that they earned previously selling to the European and American markets.

Finally, through its pro-business reforms, Rwanda has reduced the overall cost of doing business. Rwanda now ranks 29th in the World Bank Doing Business Index, up from 41st a year earlier. In 2018, Rwanda instituted more than 20 reforms, ranging from reducing the time needed to file taxes to cutting the cost of construction permits. SMEs have been the largest beneficiaries of these changes.

Despite progress, further effort is needed

It is time to create an African umbrella body for SMEs to help ease access to markets and finance, as well as ensure collaboration in innovation and technology.

There is a need to harmonize efforts aimed at promoting SMEs in the region, as regional trade is significant in the drive by individual countries to accelerate the development of the SME sector. While various African countries have SMEs support initiatives, it is time to create an African umbrella body for SMEs.

This body would help ease access to markets and finance, as well as ensure collaboration in innovation and technology. As the African Continental Free Trade Agreement takes effect, such an umbrella body would help raise the capacity of African SMEs and contribute to achieving the trade accord's goal of deepening intra-Africa trade.

Finally, as governments, we need to adopt innovative approaches rather than relying on those that have failed to work. If we have tried certain things for many years and they are not succeeding, why can't we look at other ways? In Rwanda we realize the need to keep innovating and thinking outside the box. That is the only way to enable SMEs to thrive.

Regarding competitors, investors are less likely to invest in an SME proposing a product already sold by many other companies. It is necessary for start-ups or SMEs to be able to demonstrate the niche that their product will serve, or that they can produce currently available products at a significantly lower cost.[211]

Finally, there are buyer-related risks. Selling is a complex process which involves identifying customers, convincing them to buy the product or service, facilitating payments and potentially providing aftercare services. Investors typically want to know how the enterprise will ensure that its customers are satisfied with their purchase, and the mechanisms in place to ensure that unhappy customers are served quickly and professionally.

Some of these risks can also be classified as counterparty risks, in which counterparties – suppliers, collaborators or buyers – fail to live up to their contractual obligations. Enterprises should expect investors to examine closely existing contractual arrangements to assess the legal consequences of such outcomes.

Sector associations and local chambers of commerce and industry can help reduce market risks for start-ups and SMEs by providing market analyses and customer surveys, as well as forecasting market trends.[212] Furthermore, public policies can be designed to address information asymmetry and uncertainty that constrain market development. These would aim to mitigate market risks (e.g. by regulating competition), provide better information or support investment flows to stimulate new sectors, such as alternative energy production.

Operational risk

Operational risks exist within an enterprise and relate to running the business. These include risks regarding production, technical development and team or management risks. Some definitions of operational risk are broader, and include finance, cybersecurity and other factors, but in this report the definition is kept narrow, as such wider risks are discussed separately.

Start-up investors often reduce operational risks to team and technical development risks. This reflects the fact that start-ups, particularly in their early stages, do not really have a production process and so can only consider risks linked to production theoretically. Team risk and technical risk, however, can be assessed early on, and start-up investors put a lot of weight on these factors.

Investors look for start-ups with good team dynamics.[213] They look for teams with different but complementary skills, as setting up a business requires a broad range of skills – technical, marketing, risk analysis, strategic analysis and many more. A strong team dynamic indicates to investors that start-up staff have a good chance of working together to overcome challenges. However, putting together a team with complementary skills is often difficult for start-ups. Embedding start-up ecosystems around universities that produce graduates with a broad set of skills can help.

Public platforms can help start-ups create teams with complementary skills by facilitating the matchmaking process between founders, investors and business managers. For instance, the Danish Initiative 'Open Entrepreneurship' brings innovators and experienced managers together to translate innovative ideas into products and businesses.[214] Furthermore, public authorities can support university-based innovation parks or laboratories to help innovators test their products for technical feasibility and cost-effectiveness.

The second operational risk start-up investors assess is technical risk.[215] This is associated with the product, and the most effective way to counter concerns about it is by showing a minimum viable product. As well as demonstrating that the team has the skills and knowledge to produce the company's offering, it is a strong signal of the effort the entrepreneurs have already made, and indicates that they are prepared for challenges that lie ahead. If a minimum viable product is too expensive to build, start-ups often demonstrate that the team has the skills to produce what is being proposed by showing previous accomplishments.

Established SMEs seeking investments face yet more operational risks. These include production management or 'backend' risks, such as equipment or server failure, and personnel risks, such as poaching by competitors or loss of skills and knowledge. Adopting best practice systems to manage production risk, such as six-sigma quality certification, can inspire investor confidence.

Financial risk

Calculating and mitigating financial risk has a long history.[216] In Europe, as early as 1210 Venetian sea merchants signed contracts to insure against losses at sea.[217] Further innovations followed, such as option contracts. As the wealth of trading city states and nations grew, techniques to manage and preserve that wealth developed in tandem. Modern financial risk management has many subcategories. The most relevant ones for enterprises are risks involving liquidity, currency and credit.

Liquidity refers to the ability to meet financial obligations, and enterprises handle this risk through liquidity

BOX 9: Small businesses go online to learn investment readiness

Many SMEs struggle to access investment capital because they are not investment-ready. Others do not have access to financing because they are unaware of its existence or are unfamiliar with the dynamics of approaching investors.

As a result, there is much need for education and capacity building so companies, particularly those owned or led by women, can better understand the potential for investment to benefit their firms. Most entrepreneurs that the International Trade Centre assists are only familiar with traditional banking finance, not investors, including social impact investors.

In 2019, ITC will launch an e-learning course to support women entrepreneurs in becoming investment-ready. The course will be hosted on the ITC online learning platform, the SME Trade Academy. The course will cover key topics, such as navigating various available financing options and selecting the most appropriate one; getting ready for investment; and making a pitch to investors.

The course will also consider ways of measuring business impact, given that more investors are seeking to commit capital to businesses that deliver social and environmental gains.

Through this e-learning course, ITC expects to reach thousands of women entrepreneurs in developing countries, especially least developed countries, where awareness of the topic remains limited.

Information available at: https://learning.intracen.org/.

Source: ITC.

management. Liquidity is a measure of the ability of a company to pay its debts. If a company does not have enough cash to meet its payments, but it owns valuable assets that are illiquid, it is said to be facing a liquidity crisis.

Mismanagement of liquidity risk is a major cause of enterprise failure.[218] Such failure is often associated with a decrease in sales, an increase in operating costs and high levels of debt.[219] On the other hand, there is empirical evidence linking sound management of liquidity with strong SME business performance in developing countries.[220]

Currency risk arises from the unanticipated change in value of one currency relative to another. This type of risk primarily affects businesses that trade internationally, but it can also have a wider impact. Companies that purchase inputs from abroad, compete with foreign firms or sell to foreign consumers are all exposed to currency risk. Rapid changes in currency values can lead to price rises for inputs and hence for the end customer. The net effect can be to lower demand, leading to lower than forecast revenues.

Companies 'de-risk' regarding currencies by hedging exchange rate risks, for example by using forward contracts that specify exchange rates for a future date. Investors assessing a business seeking to expand internationally will be especially interested in how the business proposes to account for currency risk.

Credit risk is the risk that an enterprise may default on a debt obligation. Unsustainable debt loads are a major cause of enterprise failure, especially for small firms.[221] Capital structure is influenced by the legal form, firm size, cash flow, asset structure and operating leverage. The debt load companies carry is often the central reason that investors decline to invest in them.[222]

Public institutions can provide training on financial risk management for start-ups and SMEs. The purpose of these courses is to introduce the principles and mechanisms of financial risk management. Financial training includes elements such as financial management, record keeping and compliance.[223] Public institutions can offer online workshops or courses in business schools, adult education centres and sector associations (Box 9).[224]

Regulatory risk

Effective regulation can lower the risk present in markets by restricting anti-competitive behaviour, providing transparency and protecting consumers.[225] Conversely, badly conceived or inappropriate regulations can be a source of risk that increases costs and reduces competition. Impending regulations can also be a source of uncertainty that raises risks, particularly if there is little transparency with respect to their contents.

Preparing SMEs in Africa for outside investment

It may sound easy to connect companies seeking financing to grow and investors seeking a place for their money to grow, but matching the two is often far from simple. Especially in developing countries, it means overcoming considerable knowledge gaps and trust issues.

The difficulties are magnified in Africa, which suffers from a lack of local investors, regulatory constraints and a shortage of highly skilled talent. Although the continent has abundant labour and resources, which should make it an attractive destination for international capital flows, African countries have been relatively unsuccessful at drawing foreign investment.

Two Ugandan fintech start-ups, Xente and Swipe2pay, recently bucked this trend, securing a total of $140,000 from Tokyo-based venture capital firm Leapfrog Ventures. The two companies, which offer e-commerce platforms that enable Ugandan enterprises to accept bank cards and mobile money for payments, are using the funds to improve their products and enter new African markets.

'The absence of local investors to invest in local start-ups, that's a big problem in Africa,' says Solomon Kitumba, chief executive and founder of Swipe2pay. 'The second challenge is that external investors don't trust, and the third is that there is a knowledge gap between entrepreneurs and investors.'

Difficulty accessing funding is one of the biggest obstacles for African businesses. Banks typically demand such high collateral and interest rates that most small enterprises cannot afford to borrow. Many turn to loans from friends and family, while others watch their companies stagnate or fail.

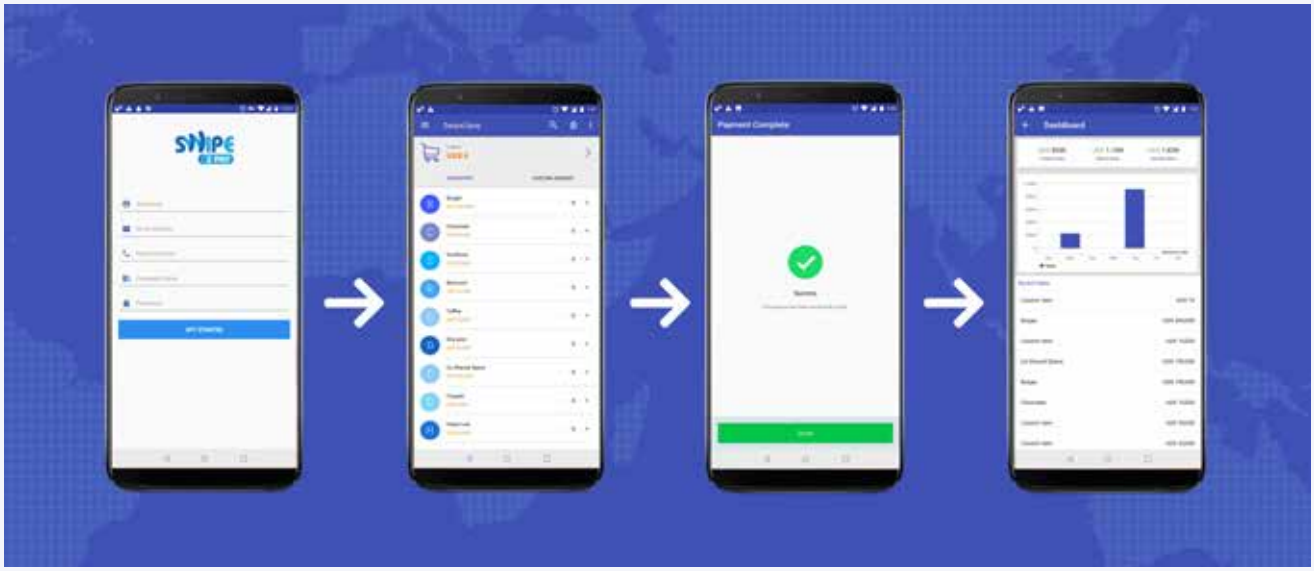
Many small businesses across the continent operate below their full potential because of limited access to finance. 'They do not fit into the business models of the incumbents (banks and microfinance institutions), because of their informal way of operation,' Kitumba says.

Learning to speak 'investment language'

Firms that are able to demonstrate the prospect of rapid growth, often through an innovative product or service, tend to attract private equity. But SMEs often do not know how to find investors that might be interested in their products or services. Many are also ill-equipped to make an effective 'sales pitch' or to prepare themselves for outside investment, according to Kitumba.

Before meeting with Leapfrog Ventures founder Takuma Terakubo, Kitumba made sure that Swipe2pay had a 'minimum viable product'. He also was fully prepared to champion his business strategy and explain in detail how the investment would be used.

'We had to know our numbers, what we are doing, how we plan to make his money back, financial projections and models,' he says. 'I made sure I had all that on the table. Also pricing models, what our plans were for the next six months, where I planned to go with the money I raised. It made more sense to Leapfrog to know that we were already trying to sell the product without outside money.'



Kitumba also followed blogs on fintech and participated in online investment forums. He learned that Leapfrog Ventures was keen to invest in Uganda from the Netherlands Trust Fund IV (NTF IV) project, a partnership between ITC and the Dutch Centre for the Promotion of Imports from developing countries. Both Swipe2pay and Xente are beneficiaries of the project.

Although NTF IV helped the two enterprises hook up with founder Terakubo, it was up to the companies to make convincing pitches to win him over.

Preparedness is essential

Allan Rwakatunga, chief executive of Xente, says he made sure he was well prepared before sitting down with the Leapfrog Ventures chief. That included having a 'pitch deck' – a brief presentation detailing his company's business plan – as well as all the financials and relevant legal documents. Rwakatunga knew how to prepare for his meetings because Xente had raised money from another angel investor earlier in the year.

Leapfrog Ventures has invested in nine East African seed-stage start-ups since launching its $4.5 million venture capital fund for sub-Saharan Africa in July 2018.

Explaining his selection of Xente and Swipe2pay, Terakubo says: 'Their business is providing high-quality solutions to the challenges facing growth industries in Africa. I feel that special business is born in Africa. There are social problems in advanced countries like Japan due to too much economic growth, and in Africa, I expect to see another world we could not realize.'

The investment has helped Swipe2pay expand from three people to a team of eight, and the company will enter the Rwandan market by April. The number of businesses on its platform has surged from 25 to 650, and the company aims to reach 1,500 by the end of 2019.

Xente has enjoyed similar growth, doubling its staff and customer base, and recently expanding into Nigeria. Xente will 'go live' in Kenya, Tanzania and South Africa in mid 2019.

Source: ITC.

Reducing waste and empowering women through green financing in Côte d'Ivoire

All too often, the burning of waste from production processes causes environmental damage. In Côte d'Ivoire, this problem has been transformed into a green business that has mobilized investment from around the world. AXXIOM, a small business, supports mushroom farms using agricultural by-products to grow food that improves nutrition.

The seven women-led farms supported by AXXIOM required an investment of $15,000 each. They now employ five people each and provide a net profit of 30% on the investment. The company itself has grown rapidly to 12 permanent employees and 40 suppliers. The farms grow mushrooms that are consumed by families or sold to domestic supermarkets. The enterprise aims to export mushroom products and by-products to other African countries, Europe and Asia.

Turning waste into a business opportunity

AXXIOM was founded in 2015 by Elmine Kouyaté. Building on her expertise in food safety and agronomy, Ms. Kouyaté realized that the waste generated in agricultural production was not being used efficiently. She thus began providing technical assistance in good environmental practices to small businesses. This led her to create AXXIOM, which organized women into groups, provided training and helped them to install mushroom houses.

Initially financed with her own funds, AXXIOM went on to win the Best Start-up Award from the Africa SME Champions Awards given by the African Guarantee Fund. The prize brought $10,000 in external funding to finance the first farms.

As the mushroom farms use agricultural by-products as inputs, these are not incinerated as waste. Productive use of by-products reduces land pollution from waste deposits and air pollution from fires. This helps mitigate greenhouse gas emissions while encouraging sustainable economic development.

An empowering business model

At the same time, the women-led mushroom farms empower women financially and improve their nutrition and that of their families.

AXXIOM's mission is for mushroom growing to become a safe way to promote healthy eating as well as encourage women's self-reliance and empowerment in Côte d'Ivoire. 'Reaching this goal is more than a duty for us to trace the path of an Africa respectful of its environment,' says Ms. Kouyaté.

In June 2018, AXXIOM participated in a conference and training programme aimed at educating green SMEs about accessing green finance. The International Trade Centre (ITC), the African Guarantee Fund and the African Development Bank organized the events together. The company has gone on to win the 3rd prize of the Pierre Castel de Solibra Award; the 4th prize of the Academy of Sciences, Arts, Cultures of Africa and African Diasporas; and $15,000 from the Global Environment Facility to open a mushroom farm for women in the village of Seguelon in Côte d'Ivoire.

Assistance bolsters access to finance

Green finance is a real opportunity for companies like AXXIOM to finance their expansion operations on good terms. As Ms Kouyaté puts it, 'Thanks to the training that ITC and partners organized in June 2018, we have access to a database of impact investors and commercial banks that finance green projects. It would be very useful for development institutions like ITC to support SMEs and start-ups in developing business plans and applying for green finance.'

As part of its mandate to facilitate access to finance for SMEs for trade, ITC is assisting financial institutions and SMEs to mobilize funding for environmentally friendly and climate smart projects and initiatives. In this context, it helped AXXIOM prepare its successful financing application to the Global Environment Facility.

ITC programming on green finance includes conferences for key stakeholders in the financial and green economy sectors. ITC is a member of the Africa NDC Hub, a platform established to support African countries in achieving their Nationally Determined Contributions (NDCs) under the Paris Agreement on Climate Change. ITC partners with green economy focal points, the African Development Bank, African Guarantee Fund and other actors in the Africa NDC Hub to deliver capacity building. Green financing training sessions are organized separately for financial institutions and small businesses.

Source: ITC.

BOX 10: The market position of Agrocenta

The Ghanaian-based agricultural technology start-up, Agrocenta, founded in 2015, aims to improve the efficiency of Ghana's agricultural value chains by increasing transparency and addressing constraints in access to finance faced by smallholder farmers.

Smallholder farmers in Ghana regularly sell their produce to middlemen, but as these farmers do not have access to the latest market information, they often sell their produce at low prices.

Agrocenta cuts out the middleman by allowing smallholder farmers to sell via their mobile phone app, AgroTrade. Through the mobile app, farmers can find buyers more effectively, manage their inventory and track their goods. Agrocenta also has a financial inclusion app, Agropay, which allows farmers to execute digital payments, access microlending services and buy crop insurance.

In 2018, Agrocenta won the Seedstars World competition, securing a $500,000 prize. A main reason for Agrocenta's success is astute market positioning. By substituting costly middlemen with a low-cost mobile app and offering cheap financial services to farmers, Agrocenta is seeking to establish itself at the heart of agricultural transactions in Ghana.

Source: ITC.

Investors take regulatory risk seriously. Investors in start-ups, some of which produce products for which regulations have not yet been agreed, want to know whether there are regulatory risks that could affect the viability of the business. For example, developing countries often do not specifically regulate the use of digital wallets and signatures to deliver financial services. Instead regulations are used designed to ensure familiarity with customers and to prevent money laundering. Such rules often require paper signatures, making it difficult to reach marginalized customers with innovative low-cost products.

Other more sophisticated innovations, such as autonomous drones, currently lack clear rules to assign fault in the case of an accident, limiting their use in areas that are difficult to reach by other means.

On the other hand, lack of regulation may give companies making new products a competitive advantage. For instance, when Airbnb first launched, there was considerable uncertainty about whether apartments offered on the website should be treated as hotels. This likely would have required owners to adhere to costly sanitary, inspection and other licensing requirements.[226] The situation is similar with other innovations that have proliferated in developing countries to provide services at low cost. In any event, it is better to have a thorough understanding of existing regulatory risks.

Sector associations offer sector-specific information and training related to new or changing national regulations. They can help SMEs interpret complex regulations and advocate on behalf of their members during the creation or revision of regulations.

Natural catastrophes and other risks

SMEs are exposed to the risk of natural catastrophes and other risks that affect their physical capital, such as damage or theft of stock and machinery, and human capital, such as an accident or illness of entrepreneur and employees. In addition, SMEs increasingly face climate risks such as excess rainfall or drought, particularly in agriculture.

These risks are best addressed through practices to mitigate them. Examples include building flood defences or irrigation systems, using construction materials resistant to earthquakes and using alarms and other theft prevention systems. Moreover, to handle such risks, it is crucial to take out appropriate insurance policies, many of which are legally required.[227]

Many SMEs in developing countries are not insured against these risks.[228] As a result, companies can face unplanned costs that cause cash flow problems, preventing them from scaling up or leading them to fail. Uninsured SMEs are riskier for investors than insured SMEs. A key reason that investors consider investing in developing countries to be risky is under-developed insurance markets.[229]

With extreme weather events expected to increase in frequency, damages and insurance costs are set to rise.[230] Such trends may be particularly problematic for SMEs

BOX 11: Bolstering the cyber-readiness of small businesses

The digital age has brought with it new risks, with businesses of all sizes needing to protect their operations from cyberattacks. This means having appropriate technology solutions, and training employees to identify and react to key cyber risks. The biggest hurdle may be for small enterprises to recognize the value in creating a culture of cybersecurity and in training employees to be cyber-ready.

Getting SMEs cyber-ready is challenging. Smaller companies do not usually have the resources and cyber know-how available to larger firms. They often struggle to identify and implement cyber-related best practices, and they may fear that protecting their business from cyberthreats will be complex and costly.

Precisely because they tend to be less cyber-ready, SMEs are often targeted by malicious actors. In addition to damaging their own business, this lack of readiness has potential consequences for value chain partners. Poor cyber-readiness can undermine the success and viability of SMEs because investors and value chain partners are likely to lose interest in a business they believe has weak digital defences.

To help SMEs become more resilient, and to secure global value chains, non-profit organizations such as the Cyber Readiness Institute offer free, easy-to-use tools online. The institute's Cyber Readiness Program takes organizations through a step-by-step process to improve cybersecurity, regardless of industrial sector, size or maturity. The programme focuses on four priority issues for SMEs – authentication, patching, USB use and phishing – and provides detailed guidance and customizable tools that work across industry sectors.

The Cyber Readiness Institute emphasizes resilience, as well as the need to take the correct preventive steps and to have a plan of action in the event of an incident. The Cyber Readiness Program is available at www.cyberreadinessinstitute.org.

Source: ITC.

in the agriculture sector, where many of the best investment opportunities in developing countries are found. Enterprises which can show potential investors that they are insured against climate risks are more likely to get the investments they seek.

Climate risk is currently garnering more attention from investors of all stripes. A recent report by UNCTAD links climate change in Jamaica to large economy-wide losses, degradation of transport infrastructure (as measured by a falling logistics performance index score) and potentially lower investment.[231]

There is a significant role for governments in developing countries to play in fostering domestic insurance markets centred on the needs of SMEs. According to the Asian Development Bank (ADB), there has been little effort to improve the regulatory environment of the SME insurance market region-wide.[232] ADB also notes that to make the market viable, there may have to be changes to the mandatory set of services associated with an insurance scheme (e.g. consultancy advice or relocation of machinery).

Furthermore, regulation may have to be adapted to digital distribution models and non-traditional underwriting models, such as insurance models that rely on weather indices. There may also need to be more regulatory clarity and financial innovation to serve SMEs in which individual risk, such as the entrepreneur's health, and the business risk are closely linked.

Cybersecurity

The risks posed by cybercrime are increasing rapidly, as more firms adopt digital technologies such as cloud-based data storage and processing services to increase their productivity. Based on a sample of mostly rich countries, a recent report estimated that the average cost of an enterprise data breach in 2017 was nearly $4 million.[233] Data breaches can lead to reputational damage, lawsuits and the loss of proprietary knowledge.

Start-ups in developing countries looking to build or leverage digital platforms need to convince prospective investors that they have a very good understanding of cybersecurity best practices, and that they will adopt these practices. Any business seeking to digitize existing business processes should treat cybercrime as an existential threat to continued operations (Box 11).

By designing clearly structured networks with differing permissions, encrypting files and communications, updating software regularly and creating offline backup systems, enterprises can show investors that they

understand the threat posed by cybercrime and are taking active steps to mitigate the risks.

Policymakers have a strong incentive to help businesses reduce business-related cyber risk because the social and economic costs of breaches can be high. Understandably, national governments have so far focused on securing critical infrastructure. However, SMEs are increasingly becoming targets of malicious attacks, and because these firms are users of larger networks (e.g. e-payment platforms), they can serve as backdoors into these networks.

Thus, improving the cyber-readiness of SMEs by supporting relevant capacity-building programmes will make for more attractive investment partners and contribute to national cybersecurity goals.

The more an entrepreneur can reduce the risks mentioned above, or demonstrate that the enterprise has the ability to manage and monitor these risks, the more attractive business projects become to potential investors. Policymakers have a role to play in passing regulations that increase transparency and predictability for business. This in turn can help stimulate outside investment. However, policymakers and business ecosystem actors can also help by supporting initiatives to build the knowledge and capacity of enterprises wishing to mitigate risks.

Securing the best investment terms

SMEs seeking to sell equity or get a loan look for the best possible terms. Investors assess investment opportunities by balancing the risks and rewards. This section describes how a start-up or SME should approach preparing and negotiating with investors to secure the best possible deal.

Defining the investment need

Before contacting investors, start-ups and SMEs should have a good understanding of what they would like from an investor. This includes whether they are seeking an equity deal or a loan, the size and terms of any loan and the need for, and extent of, collateral.

If it is an equity deal, the business must consider how much equity it is prepared to give up and whether it expects more such deals in the future. If so, the current shares will lose value in proportion to the size of the newly issued shares.

There are numerous guides on how to structure finance contracts and approach doing an equity deal. SMEs in developing countries, however, are often unable or unsure how to find material relevant to their business context. Capacity building, especially to promote financial and investment literacy, can help SMEs make sense of existing information and assess their options. Financial and investment literacy includes financial management, risk management, record keeping and compliance.[234] Public institutions can bridge the educational gap by offering online workshops or courses in business schools, adult education centres and sector associations.[235]

Firm valuation

Calculating the value of a business is difficult. Ultimately, the value is whatever a purchaser is prepared to pay for the business, but that amount is influenced by methods of firm valuation. There are three main ways of valuing a business: calculating its net assets, using earnings-value approaches or using market-value approaches.

The asset-based approach: This is often used when a business is about to be liquidated. It assumes that at the end of the selling process, there is no company left. Even so, it is useful for companies that have no intention of closing to know their net asset value. The net asset value can be calculated by adding up the business's total assets and subtracting its liabilities. Businesses with negative net asset values are usually considered risky by investors. Assets are either tangible (i.e. physical) or intangible (e.g. software), and tangible assets are usually easier to value.

The earnings-based approach: This entails analysing businesses' revenues. Sometimes, firms are valued at an industry-fixed multiple of their revenue.[236] Sector associations and other institutions may provide the necessary industry multiples. The attraction of this method is that it is simple to use, especially for small businesses. However, the practice is crude and can produce inaccurate estimates of firm values.[237]

A more sophisticated approach is the discounted-cash-flow method. In this method, the firm's value is based on its expected future cash flow, discounted by a rate reflecting the firm's overall riskiness. For example, a firm with a revenue of $100,000[238] with a discount rate of 10% per annum will acquire a value contribution of $90,909 from the first year of ownership, $82,645 from the second year of ownership, and $75,131 from the third year of ownership. Repeating the process over many years, and adding up the totals, causes the value estimate to converge on a value of $1 million.

This method of valuation is appropriate for SMEs with established cash flows. However, the final valuation is often sensitive to assumptions, such as the rate at which revenues are projected to grow. This method is not suitable to value start-ups, as they often have little or no cash flow.

The market value-based approach: This approach attempts to establish the value of companies based on the recent price paid for similar companies. This method works best if there are a sufficient number of businesses similar to the one in question.

Investors are likely to use a combination of the above methods to value a business. However, start-ups are notoriously difficult to value because they are often trying to produce a product, or create a market, for which there is no comparison. In addition, many equity deals between start-ups and investors are kept private, so it is hard to assess the equity cost of investments by country or sector.

Accurate firm valuations are important because they form the basis for lending, equity financing and merger and acquisition activity. Under or overvaluing businesses can lead to significant losses, which can have an impact on the broader economy. When seeking access to finance, entrepreneurs need a good understanding of relevant valuation methods to ensure that they value their businesses correctly, and are able to negotiate with potential investors.[239]

Applying for investments

By understanding the challenges faced by start-ups and SMEs in contacting investors, policymakers are better able to design regulations and implement policies that facilitate such contacts.

Applying for seed funding

The manner in which SMEs and start-ups secure funding depends on their stage of development, the type of investor and the level of finance required. Figure 19 highlighted the different early-stage funding options available, including grants and public loans.

Loans and grants help to cover costs during long product development periods. These funds are often provided through business accelerators or sector-specific support programmes.[240] There is a distinct lack of private sector seed capital, mostly because this type of funding tends to be grant based.[241] Applications for such grants are usually submitted by firms in response to a call for proposals. If SMEs choose to apply, they must prepare and submit a detailed funding proposal.

Some public investment funds offer start-ups and SMEs loans at low, fixed interest rates. However due to a general lack of funding, information and coordination, innovative ideas often fail to mature and reach the market, leaving a country's entrepreneurial potential underexploited.[242] Public institutions can create SME support instruments, such as grants, public loans, business coaching and access to business acceleration services. These support go-to-market activities, with the aim of giving a strong boost to innovative firms with strong market potential.

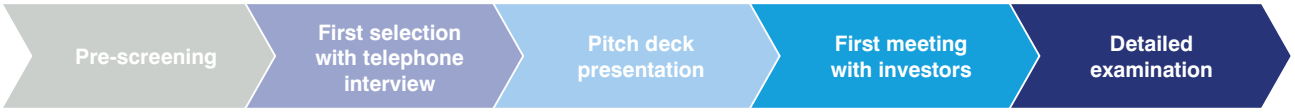
In many developing countries, public support programmes are underutilized. The reasons include matching problems, cumbersome application processes and lack of access to internet and information.[243]

Applying for equity-based capital

Business angels, corporate investors and venture capital firms offer SMEs equity-based capital. Firms receive financial injections in exchange for their shares. Entrepreneurs need at least a rough estimate of their own firm valuation and their financial requirements. Business angels and venture capital companies have similar application processes, and both generally ask applicants to deliver a presentation in person (sometimes referred to as a 'pitch-deck presentation') that explains the business concept and why it is worthy of investment.

Figure 20 describes the application process for business angel funding and venture capital. Entrepreneurs apply online and send the required documents, such as business plan, executive summary and track record to potential investors. During the selection process, investors tend to use four selection criteria: team dynamic, traction record, market risk and innovative capacity. After a screening process, potential investors interview the applicants over the phone or internet to get a first-hand impression regarding technical feasibility. In the next step, entrepreneurs are invited to make a pitch and meet potential investors.

FIGURE 20 Application process involving business angels / venture capitalists



Source: ITC.

BOX 12: What is a pitch deck?

In addition to a written application and business plan, many investors also ask applicants to make a brief in-person presentation about their investment opportunity. This so-called 'pitch deck' presentation gives prospective investors an overview of the company's business plan.

The pitch deck often starts with a brief pitch introducing the central idea driving the company. It then usually presents the team, the problem it is trying to solve and its plan to solve this problem.

A brief outline of the product or service follows, along with a description of the target market, its size and potential competitors. Finally, it concludes with a timeline, outlines the type and size of investment needed and the company's overall budget, and provides contact details.

Source: ITC.

During the selection process, investors normally organize appointments on company premises. This allows investors to visit production locations, meet the team, speak with employees and obtain a comprehensive picture of the company. The detailed examination and due diligence process can take about three months.[244] After a detailed examination of all documents, firms receive an offer with contractual conditions, offered investment amount, associated equity transfer and additional services.

Application costs can be high for start-ups and small enterprises. These costs include legal consulting, accounting services, and preparing a professional promotional and pitch deck presentation (Box 12). Sector associations and local chambers of commerce and industry can provide low-cost consulting services for these enterprises.

Converging on terms

Once an investor has agreed to invest and comes to the table to talk terms, the nature of the relationship between both parties changes. Negotiating an investment deal is not a zero-sum game, and the objective should be to reach a deal in which both parties emerge satisfied.

However, entrepreneurs are usually at a disadvantage during this stage, as they typically have less experience of negotiations compared with investors. Services that train entrepreneurs on how to negotiate can help deliver a fairer outcome. Furthermore, walking away could result in the collapse of their business, whereas for investors the cost of walking away may only be a missed opportunity.

As a result, it is crucial that SMEs begin negotiations prepared. Start-ups and SMEs should enter the negotiation room with a detailed understanding of what they are after and where they are willing to compromise. If entrepreneurs are considering walking away from the negotiations, they should do so with a Plan B in mind.

Getting to know the potential investors, their existing investments and how previous negotiations fared can help SMEs gain some insight into the people across the table. Maintaining courteous relations is also important. After all, if a deal is struck, the investors will become business partners.

A key part of the negotiation process is understanding what happens to the company if it fails. Although everybody present at the negotiations hope the venture will be a success, most start-ups fail. Questions to address include how the existing assets will be sold off, who is first in line to be paid from those sales and who will own any remaining intellectual property.

Before signing a deal, it is necessary to go through the contract with a qualified lawyer.[245] Contracts often contain uncommon terms and refer to laws and statutes that do not appear in the contract itself.

Even if SMEs and investors enter negotiations with the best of intentions, tension, misunderstandings and cultural factors may result in failure to conclude a deal. Neutral third parties can help reduce tensions, clarify misunderstandings and sensitize parties to cultural differences.

But the role of neutral third parties goes well beyond facilitating deals. They identify investment opportunities, bring investors and SMEs together and sometimes provide aftercare services once a deal is done. The next chapter covers the full range of activities they undertake.

CHAPTER 5

Connecting investors with small businesses

Investment in SMEs can generate jobs and growth to meet the Sustainable Development Goals. Despite the best efforts of SMEs to find investors, and policymakers' interventions to foster a conducive business environment, all too often investors and SMEs fail to find each other.

Investment facilitators exist to correct this failure. These actors are crucial in catalyzing the private sector investment needed to achieve the SDGs by connecting potential investors with lucrative investment opportunities in SMEs. Investment facilitators identify matching opportunities, build capacity, connect actors, facilitate deals and provide aftercare services to firms and investors. Investment facilitators should not be confused with the term 'investment facilitation', which often refers to activities that create an enabling regulatory environment and support investors in general.[246]

Four types of investment facilitators are particularly prominent. In many countries, financial institutions serving SMEs, investment promotion agencies, online investment platforms and investment accelerators are connecting SMEs with investment opportunities.

Identifying potential matches is the most important activity of investment facilitators, but it is also the most challenging due to the dearth of information on promising SMEs. Investors want to pinpoint the SMEs looking for investment in developing countries and the sectors they are found in. Yet they also need to know more about the finances of these firms, their risk-reward profiles and their potential impact on sustainable development.

Investment facilitators bridge this communications divide, covering the transaction costs of working with many small firms and connecting them to supporting services. They play a crucial role in connecting investors with investments in SMEs that can generate high returns and social impact.

Fixing the matching problem

Investors are attracted to the potential returns offered by SME investment opportunities. Yet many SMEs do not end up getting the financing necessary for growth. This problem is particularly acute in the middle phase of firm development – when finance is needed to launch the company and sustain it as initial revenues come in.

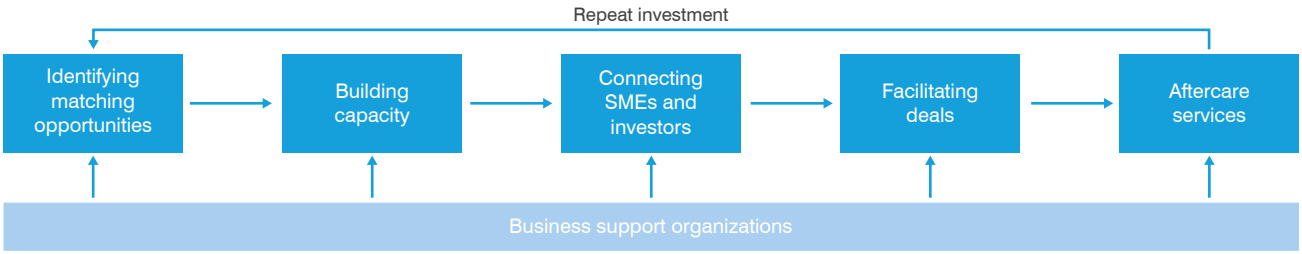
This mismatch disproportionately affects small companies. Unlike micro-sized firms, small firms find loans from family and their own savings to be insufficient, but are not big enough to attract the interest of banks or absorb large investments. SME investment needs are thus often neglected, stuck in the 'missing middle' between microfinance and bank lending. Furthermore, some social groups are more likely to be excluded. Women-led firms, for example, face particular barriers in accessing funds.[247]

The failure of the market to connect SMEs to investment effectively mainly reflects three factors. Firstly, and most simply, investors often do not know about SME investment opportunities. The high transaction costs associated with the search for such information prevents potentially profitable SME investment opportunities from appearing on the radar of investors.[248]

A second, more intractable, issue is the need to manage risk. Investors see SMEs as high risk, and do not have access to quality information on SMEs. These information asymmetries generate uncertainty for investors that deters them from investing.[249]

Finally, the thinness of the investment landscape in many developing countries undermines the ability of SMEs to mobilize finance. Although many investors seek opportunities in developing countries in general, funds tend to flow to emerging and middle income countries, bypassing low income and least developed countries.

FIGURE 21 The five stages of matching investors and SMEs



Source: ITC.

As a result, there are relatively few actors looking to invest in some countries.[250]

The process of matching investors and small businesses

The framework presented in this section disentangles the different steps of the investment matching process. While some investment facilitators provide all the services outlined here, most do not. Instead, they focus on one or two stages in the matching process.

Figure 21 illustrates the process pursued by investment facilitators. It contains five stages: identifying matching opportunities; building capacity; connecting SMEs and investors; facilitating deals; and aftercare services. Business support organizations provide complementary services that support the matching activities of investment facilitators, and repeat investment can begin the whole process anew.

- **Identifying matching opportunities:** Finding a good match involves identifying investment opportunities in parallel with activities to attract potential investors. To create a list of high-quality investment opportunities, facilitators gather data on investment projects in a wide range of enterprises. They acquire this information through industry organizations or a public call for applications, or through surveys and government records. This generates a pool of candidate SMEs and adequate information about them, ensuring that matching is both inclusive and effective. Once identified, potential projects are evaluated and a select few chosen for promotion to investors.
- **Building capacity:** Technical assistance can help an SME become investor-ready.[251] Whether provided by the matchmaking organization or another institution it recommends, this work starts with services that help the team acquire business skills, including business planning, financial and accounting basics, quality certificates and communication skills. Capacity building can help the SME learn how to pitch its ideas to an investor and get feedback on draft business plans and financial reports. Technical assistance can also enable the SME to identify the amount and type of investment it is looking for.
- **Connecting SMEs and investors:** A professional presentation of SME opportunities gives the investor the information and confidence to choose projects. Carefully curated matchmaking should link investors and SMEs with the partner that they are looking for.[252] Such links can be established through events, online platforms, publications and demonstration days coordinated by the investment facilitator. Once a match is made, the facilitator can connect potential investor-investee pairs by arranging a one-to-one meeting and ensuring that both parties are well prepared.
- **Facilitating deals:** Investment facilitators are third parties that provide a forum for investors and SMEs to negotiate a deal. Beyond facilitating communications and reducing the administrative burden of making a deal, they provide links to other elements of the business ecosystem, such as credit bureaus and business registries. These bodies can help reduce information asymmetries between investors and SMEs,[253] and speed up the process. Matchmaking facilitators can act as trouble-shooters, overcoming impasses by clarifying points, providing information and greasing the wheels towards a deal.
- **Aftercare services:** Once an investment deal has been struck, additional support may be required to make plans a reality and start earning returns. These aftercare services can address the operational aspect of the investment, for example by identifying opportunities to source materials from local suppliers or informing the SME about potential buyers.[254] Introductions to providers

BOX 13: Yabacon Valley – Lagos home to tech start-ups

The proliferation of tech start-ups in the Yaba neighbourhood of Lagos, Nigeria, has earned it the nickname of Yabacon Valley. The area's flourishing private sector nurtured the rise of small start-ups that nonetheless struggled to access resources.

The Co-Creation Hub (CcHUB), along with other accelerators, have addressed this issue by connecting start-ups to a growing set of interested investors. Facebook launched the FbStart Accelerator in conjunction with CcHUB, while Google has founded the Google Launchpad Space, its first accelerator outside the United States. The result is a thriving start-up scene in Lagos, which mobilized $115 million in 2017, accounting for 20% of the capital flows into African start-ups.

Several start-ups have found success with CcHUB since it was founded in 2011, including BudgIT, a civic enterprise focused on government accountability, WeCyclers, a waste recycling start-up and LifeBank, a health start-up focused on improving access to, and transportation of, blood. While some of the start-ups concentrate on social entrepreneurship, many are in the fintech sector. Several have teams featuring Nigerians who lived overseas and have come back to start businesses. These 'repats' mark a brain gain that echoes the recent experience of India.

Source: ITC.

of services – from property agents to customs authorities, lawyers or patent offices – can be crucial to administering the new project. Collaboration with other institutions in the business ecosystem is essential to this stage.

Evidence from Africa suggests that successful matchmaking can lead to repeat investment and create a virtuous circle, as most foreign investors base their investment decisions on information obtained from other investors.[255] Indeed, ensuring that information flows from existing to potential investors might be the easiest, most effective way to mobilize additional investments.[256]

Accelerators

Accelerators are a relatively recent phenomenon that should not be confused with their business incubator predecessors. While incubators rent out working space to firms for a protracted period and provide basic administrative support, accelerators select cohorts of start-ups for a short but intensive programme that aims to help them scale up quickly.

Selected SMEs participate in a programme that typically lasts three to six months. They are paired with mentors, benefit from targeted training sessions, and receive short-term finance and office space.[257]

Towards the end of the programme, entrepreneurs are connected with investors through events such as demonstration days. Interested investors are generally business angels or venture capitalists that invest large amounts in the equity of the SME and usually expect high returns.[258]

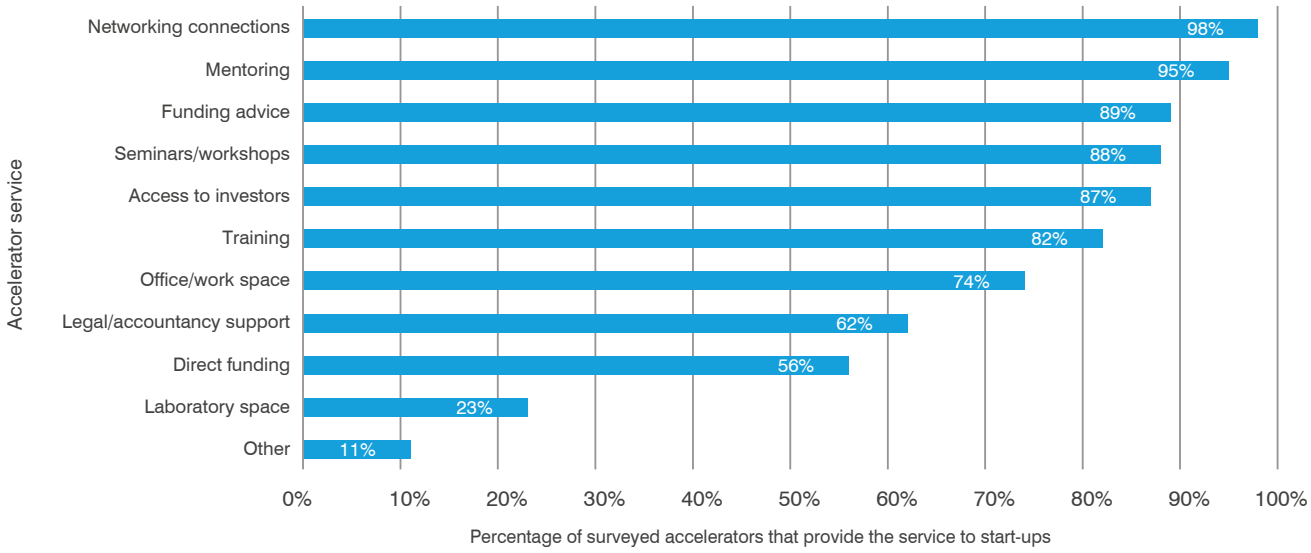
The first accelerator was created in 2005 in the United States.[259] Since then, accelerators have sprung up around the world. In developing countries, they use a variety of different business models. Many are private sector firms that also take equity in the start-up, typically in the range of 5% to 20%, in exchange for seed investment and participation in the programme.[260] The GSF Accelerator in India, for example, invests up to $200,000 for a 5% to 15% stake in the start-up.

Some programmes are subsidized by public funding and/or development grants, but still require some return from participants. A case in point is the GrowthAfrica accelerator, which has received some financial support from Dutch development organizations, but also depends on returns from accelerated firms. They use a flexible model where participating firms can share revenue, equity and/or a success fee on the investment raised.

Some accelerators host prizes and contests that also contribute to their bottom line. Finally, a few developing country accelerators are fully publicly funded and operate with an explicit development objective. The best known example of this model is Start-Up Chile, a government-led, publicly funded accelerator that is a leader on the continent.

The accelerator landscape in developing countries is made up of independently registered businesses, public sector agencies, non-governmental organizations and others. Some accelerators are set up as offices within academic campuses – Imuka Ventures, for example, is located at Makerere University in Kampala and focuses on social enterprises. Others are offshoots of major international businesses, such as Google Launchpad Africa in Lagos (Box 13).

FIGURE 22 Accelerators provide essential networking and mentoring services



Note: Services that 164 surveyed accelerators in 41 countries reported they provided to participating start-ups in 2016.
Source: ITC illustration based on the 2016 Global Accelerator Survey, Global Accelerator Learning Initiative website.

Although some accelerators simply offer access to subsidized office space, others provide the full range of mentoring, advising and investment connection opportunities described above to kick-start the growth of participating firms (Figure 22).

Most accelerators in developing countries are not sector specific, welcoming applications and accepting companies in all lines of work. There are exceptions, however. Some accelerators focus on a single sector, such as disruptive technologies (e.g. artificial intelligence, augmented reality and cloud computing) or sustainable agriculture. Accelerator programmes in information technology are also common. Even in the majority of accelerators that cover all sectors, programmes tend to feature firms from the agribusiness, education, IT, financial, energy and health sectors.

Accelerators are having a positive impact

Evidence suggests that accelerators are having a positive impact on SME investment. One evaluation of 15 accelerator programmes found that entrepreneurs selected to participate in the programme had significantly higher annual investment and revenue growth than entrepreneurs whose applications were rejected.[261]

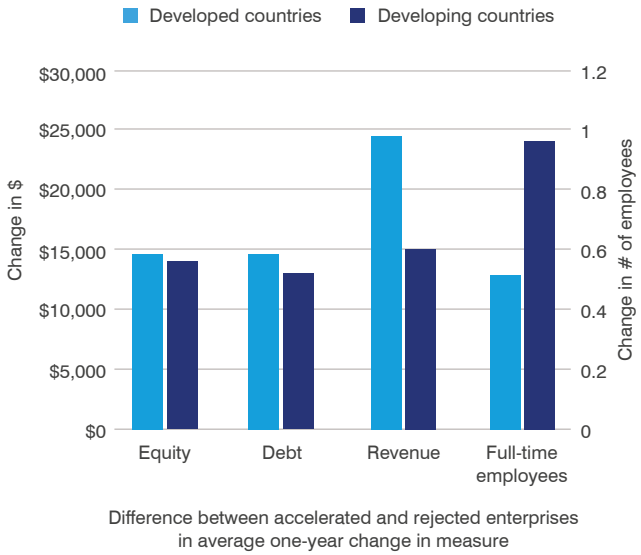
A second study compared developed and developing country accelerators.[262] The study shows that firms participating in accelerator programmes had bigger increases in revenue, employees, equity and debt than firms that did not take part, in both developed and developing countries (Figure 23).

Accelerated firms in developing countries had significantly higher equity and debt than their rejected peers.[263] Indeed, start-ups from developed countries rated the network and connections they gained most highly, but in developing countries the business skills training and access to relatively scarce investors were the accelerator's most valuable contribution. This is corroborated by data from African entrepreneurs, who appear more interested than their peers elsewhere in gaining direct funding and business skills from accelerator programmes.[264]

These measures of the impact of acceleration do not distinguish the impact of participating in a programme ('treatment effect') from the tendency for accelerators to choose start-ups that were more likely to do well anyway ('selection bias'). There is a need for more research using rigorous experimental and econometric methods to isolate the treatment effect of accelerators in developing countries. Research which has used these methods to analyse accelerator performance, such as through randomized controlled trials, has mostly focused on the United States.[265]

An economic study of the impact of the Start-Up Chile programme is an exception. The government-funded programme includes an initial phase of two months of preliminary acceleration, after which participating start-up firms pitch their idea to a panel and are scored

FIGURE 23 Accelerated companies perform better



Note: Difference (in average performance metric change after one year) between accelerator-participating and rejected enterprises. For example, in developing countries, start-ups that were accelerated took in $15,090 more revenue on average than those that were not. Sample of 2,455 firms that applied to 43 programmes in nine countries.

Source: ITC illustration based on Roberts, et al. (2017).

accordingly. Firms with a numerical score above the threshold qualify for a secondary, more intensive stage of acceleration that includes mentorship and entrepreneurship schooling. The study deploys an econometric design that compares firms in 2010 and 2013 cohorts that are just above the eligibility cut-off with firms that are just below.

The study finds that participating in the second stage (mentoring and education) Start-Up Chile acceleration programme has a positive and significant impact on firm fundraising, valuation and scale. The analysis indicates that participation in the accelerator increases the probability of securing additional financing by 21%-41%, increases the amount of capital raised by three to six times, multiplies firm valuation by five and doubles the number of employees.[266]

The fact that accelerators choose winners is a main part of their value proposition, and could be counted as a key impact. Indeed, it is their ability to choose start-ups that are more likely to succeed that makes them valuable to investors. By signalling good high-potential start-ups, they help investors identify investment opportunities much like universities signal high-potential young people to employers.

Despite expanding reach, weaknesses remain

Accelerators are less prominent in developing countries, but that is changing. According to a global survey of 579 accelerator programmes that invested more than $200 million in 11,305 start-ups worldwide, most programmes take place in North America or Europe (60%). On the other hand, 15% of accelerated start-ups are located in Latin America, 12% in Asia and Oceania and 10% in the Middle East and Africa.[267]

Accelerators have their strengths and their weaknesses. They specialize in the first stages of the process, helping investors identify opportunities and giving entrepreneurs necessary skills. Yet they tend to place less emphasis on aftercare services.

There are costs associated with running accelerator programmes, and more research is needed on whether these expenses deliver satisfactory returns to the wider economy in terms of investment and innovation, compared to other alternatives.[268] When there are relatively few start-ups in a market, and when there are other mentoring and investment support options, accelerators may not add significant value to the entrepreneurial ecosystem.[269]

Furthermore, accelerators focus on the most profitable start-ups that can be scaled up quickly to match with venture capital. Start-ups that have lower short-term growth potential but are still viable are less attractive to such investors, so accelerators leave aside many valuable firms.

Non-profit actors try to bridge this gap by accelerating firms that have both short-term and long-term potential. The long-term growth potential and sustainable development impact of a firm are of the utmost importance in developing countries. This may be why a larger proportion of accelerators in the Middle East and Africa are non-profit compared with accelerators in other regions.[270]

Accelerators work best in developing countries when there is data about a large pool of promising candidate start-ups. Furthermore, accelerators need a set of investors interested in opportunities in the country, but given the lower prevalence of investment funds in developing countries, it is not surprising that accelerators there report difficulties in finding investors.[271] The availability of local mentors with a track record of business success that can advise participants in the programme is crucial to ensuring that accelerated start-ups succeed.

Finally, the potential for accelerators to contribute to small business financing is limited by market size. It is not a good idea to create dozens of accelerators in a brief period in a location with a limited pool of innovative start-ups. Coordination is needed between private and public sector actors to reduce overinvestment in acceleration, and enterprise support in general, when the business landscape is thin.[272]

Stefano Manservisi

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THOUGHT LEADER

Using European funds to leverage private finance for sustainable development

Micro, small and medium-sized enterprises (MSMEs) are the engines of growth, jobs and innovation in all economies. They have vision. They generate new business ideas. And they are the lifeblood of communities.

In the European Union (EU), they account for 99% of all businesses, and 85% of all jobs. In Africa, they make up 90% of companies and 50% of output. MSMEs play an invaluable role in attaining the Sustainable Development Goals and tackling inequality.

Building on success in Europe

Every year, the EU makes funding available to more than 200,000 businesses in Europe, including entrepreneurs, start-ups, micro-companies, and small and medium-sized enterprises (SMEs). One such funding programme is COSME. It gives SMEs easier access to guarantees, loans and equity capital by channelling EU financing through local financial institutions such as banks, venture capitalists or angel investors. These institutions decide whether to provide EU financing and determine the terms on which it is offered, such as amount, duration and interest rates and fees.

MSMEs play an invaluable role in attaining the Sustainable Development Goals and tackling inequality.

Now the EU is applying this successful model in sub-Saharan Africa and the European Neighbourhood, through the European External Investment Plan, or EIP. One of our main goals is to channel private sector finance from developed countries to small businesses.

With an initial input of €4.5 billion, the EIP should leverage €44 billion in total investments by 2020. This includes 28 innovative guarantees, amounting to €1.5 billion. These will attract initial financing for projects and share the investment risk with other public and private investors. The EIP also comprises €3 billion in 'blended projects'. These use public money to cover a part of the costs of development projects. They combine EU grants with loans and other financing from development banks and private investors.

Focusing innovative financial instruments on MSMEs

Much of this financing will benefit MSMEs, enabling them to contribute more effectively to sustainable development. Of the 28 EIP guarantees approved, 13 target small firms, accounting for almost a quarter of the EIP's guarantee financing. They are expected to create or support some 2.7 million jobs, many in countries affected by irregular migration.

Too often MSMEs face stifling red tape, have to adapt to ever-changing regulations or make informal payments.

These investments will also target businesses led by women, young people and members of countries' poorest communities.

One such guarantee is the Nasira Risk-Sharing Facility, for which the EU has allocated €75 million. The lead financial institution for this guarantee, the Dutch Development Bank FMO, estimates that it could create and support up to 800,000 jobs, especially for internally displaced people, refugees, returnees, women and young people.

Many EIP blending projects also focus on small businesses. For example, the €180 million Boost Africa project invests in funds spanning start-ups to growing companies, from seed funds, accelerators' follow-on funds and business angel funds to venture capital growth funds. The final beneficiaries are start-ups and innovative small firms that use novel technology and have the potential to grow fast and create jobs.

Addressing other challenges

Of course, investment must also be effective. Hence, other challenges that small firms face need to be addressed. Too often MSMEs face stifling red tape, have to adapt to ever-changing regulations or make informal payments. And they must manage without reliable electricity supplies or other infrastructure.

The EIP supports government reforms aimed at making it easier to do business and improve the investment climate. It facilitates regular dialogue between the business community and government. And it funds studies to identify growth opportunities for companies in partner countries.

The EU is building on its longstanding partnerships with countries in Africa and the European Neighbourhood – in areas from trade and investment to humanitarian and development assistance – to enable small businesses to flourish, and societies to reap the benefits.

To thrive, accelerators need to operate within a robust ecosystem

Accelerators are heavily dependent on other business support organizations. Although they offer start-ups a range of services, these are often outsourced to third parties. Thus, business management training is often provided by the nearest business school. Alumni may offer pitching classes. Technical expertise for specific enterprises is brought in from local universities. Grants and prizes may be funded by the state.

These organizations, along with many others, make up a business ecosystem that is essential to the accelerator.[273] The ecosystem helps the accelerator provide start-ups with the knowledge and tools they need to become a viable business, allowing the accelerator to focus on its mentoring and matching activities. Capacity building from other institutions can help accelerators improve their ability to pick winners, add significant value and enable their firms to contribute to economic development.

Online investment platforms

Traditionally, SME managers and investors had to meet in person to establish contact and exchange company information ahead of reaching an agreement. This meant that the greater the distance between the firm and financer, the lower the likelihood of a deal. Geography led to a pattern of financial exclusion that had a particularly adverse effect on SMEs in developing countries and remote regions. Online investment platforms help to address this problem by making it easier to search and connect via the internet in pursuit of tailored investment opportunities around the globe.

Since the first online crowdfunding platform was launched in 2003, companies can provide their basic information online and be connected with interested investors regardless of their location.[274] While there are a variety of online investment platforms, they function in a similar way to dating websites. Entrepreneurs and investors create profiles on the online platform, and the website selects SMEs that match the investor's interests and proposes a few of them each day to the investor via email or an online news feed.[275]

Investors choose the projects they are interested in and transfer the amount they wish to the online platform, which then transfers the amount to the SME. Some platforms provide additional services, such as managing loan repayments, but the emphasis is on identifying matches and connecting investors and investees.

There are four main types of online investment platforms (also known as crowdfunding):

- **Donation-based:** Individuals give money to a project they believe in, often for humanitarian or philanthropic reasons, without any material return expected. Examples include Kickstarter.
- **Reward-based:** Supporters provide funds on an online platform at an early stage of the project in return for a gift, such as a handwritten note or the product (once it has been made). Examples include Indiegogo and Thundafund.
- **Equity-based:** Funds invested through the platform are funnelled towards efforts to create long-term value for the investors, which are rewarded through equity (shares in the SME). Examples include Crowdfunder.
- **Loans-based:** Many individuals lend small amounts, which are put together in a total that is loaned to the SME by a peer-to-peer (P2P) platform. Examples include Kiva and BlueBees.

Online investment platforms generate revenue from fees charged to borrowers and from a portion of the interest payments to investors.[276] Most operate across borders, connecting firms and investors in different countries. Crowdfunding campaigns tend to run 30 to 45 days, and most use an 'all or nothing' approach. If the initiator does not achieve the funding goal it identified online at the beginning of the campaign, no money is paid.[277]

Crowdfunding is growing rapidly

Data suggest that crowdfunding has grown substantially, from $1 billion in 2011 to $34 billion in 2015,[278] of which $430 million went to developing countries.[279] The bulk of the investment is mobilized through peer-to-peer lending ($25 billion). Other forms of crowdfunding are also mobilizing funds: donation accounts for $2.9 billion, rewards $2.7 billion, and equity $2.5 billion. Equity and lending-based platforms are expanding most rapidly.[280]

Growth is particularly high in Asia, Africa and Europe, although in Africa this is from a very low base (Figure 24). The World Bank estimates that the crowdfunding market in the developing world will total $96 billion a year by 2025.[281]

Although most crowdfunding platforms established to date have been based in developed countries, online investment platforms could be most useful in developing countries, where start-ups and SMEs tend to need smaller amounts of capital, strong business support organizations are relatively scarce and face-to-face meetings can be difficult to arrange for geographical reasons.

In developing countries, crowdfunding flows are dominated by donation-based investments, which accounted for 43% of finance mobilized through online investment platforms

in developing countries in 2015, while loans-based crowdfunding (also known as crowdlending) accounted for 38% of funds. However, in developed countries crowdlending accounts for the majority of funds mobilized, suggesting there is scope for an expansion in online lending in developing countries.

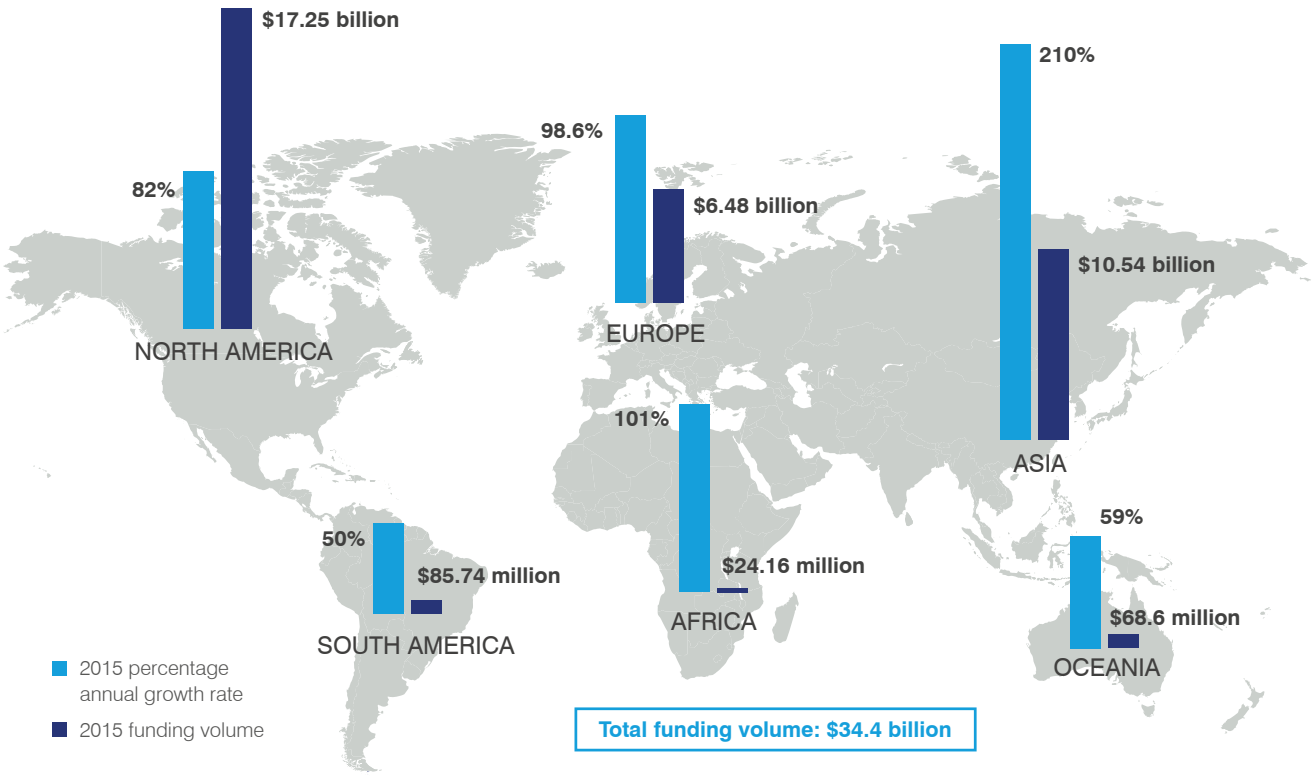
Similarly, equity-based crowdfunding accounted for just 11% of developing country flows in 2015 (alongside 7% that was reward-based), but was considerably higher globally, suggesting that if regulatory obstacles are addressed, it could expand in developing countries.[282]

Online investment platforms have a low monetary threshold that allows small investors to take part. This allows platforms to create a broad and diversified investor base that pools the risks entailed in early-stage SME investment.

New financial technologies could allow online investment platforms to use big data to gather non-traditional financial information to assess creditworthiness.[283] For example, in the United States, online credit scores of borrowers are gathered on platforms and shared among financial actors.[284] Social network data can be used to shed light on demographics, as well as the entrepreneur's ability to connect to counterparts and survive.[285] Through deep learning algorithms, it is possible to gather and analyse this data to provide an accurate prediction of repayment ability. These predictions could be used by crowdfunding websites to reduce information asymmetries, particularly in regions where the formal banking sector is underdeveloped.[286] Such information can be crucial to facilitating deals.[287]

Furthermore, online matchmaking holds promise in reducing discrimination. Evidence suggests that it is more difficult for women to access finance for export,[288] and there is considerable research showing that some social groups face financial exclusion due to prejudice among traditional investors. The probability of such discrimination should be much lower on online platforms, where it is not necessary to provide the entrepreneur's full name or gender and hold a personal meeting.

FIGURE 24 Crowdfunding is growing rapidly, notably in Asia and Africa



Note: Measures of funding volume and growth by crowdfunding region for 2015 in millions of dollars were predicted using a model based on analysis of growth rates from 2012 to 2014 and related data.

Source: ITC illustration based on Massolution (2015). "2015CF Crowdfunding Industry Report."

Sharing experience to strengthen investment promotion

As part of a project to foster trade and investment between China and Africa, ITC is helping investment promotion agencies in Ethiopia, Kenya, Mozambique and Zambia improve their capacity to attract and sustain foreign direct investment. To that end, ITC connected these agencies to a role model – a top-performing agency from Costa Rica.

Coalición Costarricense de Iniciativas de Desarrollo (CINDE), the Costa Rican investment promotion agency, has won awards for its services, results and corporate culture. Its excellence was confirmed by an ITC benchmarking assessment specially adapted to gauge the capabilities of investment promotion agencies. The August 2017 assessment took stock of CINDE's managerial, governance and service delivery capacities, and provided focused recommendations for improvement.

Despite its boutique size, limited resources and large regional competitors, CINDE delivers exceptional results with a focus on customer service; interagency cooperation; and a determined approach to results measurement and continuous improvement. CINDE's 'magic formula' relies on smart use of online platforms, social media and existing information sources. Innovation is core to its culture: ideas, rather than money, generate results. This approach has strong relevance for African agencies.

With input from CINDE, ITC created a tool to assess the four African investment promotion agencies across the full investment promotion lifecycle. This took into account their limited resources and the complex political environments in which they operate. Each assessment provided a baseline of current practices and identified areas for improvement.

Partnership for improvement

In light of the array of technical skills and knowledge needed, ITC and CINDE partnered to conduct the assessments and prepare performance improvement roadmaps. The CINDE team also helped ITC develop the capacity building to deliver on the roadmaps. The cooperation reflected the interest of CINDE's leadership in supporting institutional capacity building in Africa.

The triangular cooperation between African investment promotion agencies, CINDE and ITC included capacity-building activities, such as training workshops and peer-to-peer mentoring and coaching. ITC used the 2017 Dubai conference of the World Association of Investment Promotion Agencies to arrange a problem-solving workshop for African CEOs with CINDE's managing director, Jorge Sequeira.

'Continuous improvement is an element which we work hard to make part of our corporate DNA and which helps us to aim for excellence,' Sequeira said. 'This collaboration is very exciting for us because it builds on that growth process. In teaching and sharing, we are learning about new perspectives, new cultures and creative ways to face challenges.'

This partnership is producing new tools and modes of collaboration, contributing to ITC's continuous efforts to innovate and refine its service delivery.

The process of benchmarking CINDE served as a pilot to refine good practice indicators for investment, such as the ability to foster links to local suppliers or simplify inward investment processes. These specifically investment-focused measures supported insightful assessments of the four African agencies, and are guiding their improvement process.

Each of the African agencies has an Improvement Roadmap that traces a path for development. These draw on relevant tried-and-tested practices in Costa Rica. Regional workshops and agency-specific, capacity-building sessions in 2018 and 2019 included implementing customer-centric processes and behaviours; targeting and improving presentations to potential investors; and learning how to respond to the specific needs of investors in target markets.

Seeking to extend cooperation

Developing a better basis for measurement is an underlying theme. One regional workshop addressed how to design and adopt a performance measurement framework based on the investor journey. Such a framework can provide information and results to improve performance and increase impact. The project is also developing tools to support this framework.

Involving counterparts from other countries to share practices has proven effective in bringing knowledge, empathy and credibility to discussions within African investment promotion agencies. For ITC, working with one trade and investment support institution to deliver impact for another tested new models of procurement and engagement with partner institutions.

ITC plans to replicate this partnership model with other institutions working to attract investment to promote sustainable development. It is exploring other partnerships to support trade promotion organizations, chambers of commerce and business coalitions, and other trade and investment support institutions. This effort recognizes good practice and identifies leaders and role models with the capacity and generosity to support their peers.

Source: ITC.

Investment guides: Catering to investor needs

Many investors seeking opportunities in developing countries are stymied by inadequate information and transparency. The problem is especially acute when such investors are located far away from target markets, as is the case for Asian investors pursuing prospects in Africa.

Facilitating investment in SMEs in developing countries includes ensuring that all information on regulations, laws and procedures linked to investment is easily available and accessible, preferably in the investors' own language.

To address the information gap on investment, the International Trade Centre is working with a number of developing countries on investment profiles and guides for a wide array of investors. Among these are investment guides developed under the Partnership for Investment and Growth in Africa (PIGA) project. These describe national policies, incentives and macroeconomic factors that are favourable to investing, with a focus on opportunities in light manufacturing and food processing. These sectors are already integral to a number of African economies, with considerable potential to grow further.

The initial phase of the PIGA project identified information asymmetries as a key bottleneck. There were major inconsistencies in information available to foreign investors, including those in China, on how, why and where to invest in the project's four beneficiary countries – Ethiopia, Kenya, Mozambique and Zambia. The information was mostly generic, outdated and full of legal jargon, with few practical or operational details.

The ITC effort also reflects increasing demand for reliable, sector-focused investor guides, particularly from Chinese stakeholders. These include investors, embassies, commercial counsellors and the China Council for the Promotion of International Trade.

The step-by-step investment guides developed by ITC, in collaboration with national investment promotion agencies, are exhaustive and easy to understand. They provide practical information on how to establish or start

a business as a foreign entity, or to invest in SMEs, in food processing and light manufacturing in each of the four countries.

Going beyond traditional guides

The guides go beyond simply promoting investment opportunities, offering potential investors an exhaustive step-by-step approach to investment and rules of establishment of foreign businesses in each country. These steps include procedures to start a business, register with tax authorities, arrange work permits, obtain construction permits and open a bank account.

The guides also seek to enhance transparency by providing in-depth information on key agencies involved in the procedures, as well as the time and cost needed for each step. The investment guides are available in both English and Chinese.

Widespread distribution

ITC launched the guides at a PIGA business-to-business matchmaking event, held in Hangzhou, China in April, 2018,[289] distributing them to more than 200 representatives from Chinese enterprises. In addition, the guides were promoted during the 2018 Beijing Summit

of the Forum on China-Africa Cooperation and at more than five other events in China, including the China International Import Expo[290] and sector focused road-show reaching more than 1,800 Chinese businesses. Chinese businesses reacted positively to the investment guides and indicated that the guides will inform their investment analysis and decision-making for investing in Africa.

The guides also went to embassies in China and visiting delegations of Chinese investors to Africa. They will be made available on the Chinese online portal of the four countries' investment promotions agencies, also developed under PIGA, in the course of this year.

Collaborative effort

PIGA is a four-year project funded by the UK Department for International Development (DFID) and implemented by ITC, running from May 2017 to April 2021. Also collaborating in the project are the China-Africa Development Fund and the China Council for the Promotion of International Trade. The aim is to boost jobs and exports in the four African countries' food processing and light manufacturing sectors through foreign direct investment.

ITC developed the investment guides in concert with investment promotion agencies including the Kenya Investment Authority, Mozambique Agency for Investment and Export Promotion, and Zambia Development Authority.

Source: ITC.

Online matchmaking has limits

Crowdfunding works best when it connects many people to an exciting investment opportunity. This is exactly what happens when donation and reward-based platforms convince a broad base of individuals to provide early-stage funding for an inspirational, but risky, product or service.

While the small size of average crowdfunding investments can be overcome if there are many individuals giving, it can be very costly to convince people to give. The start-up has to mobilize interest in the venture through cutting-edge communications and outreach involving pitches and social media, which can be very expensive.[291] Indeed, roughly two out of three crowdfunding campaigns fail to raise the target investment.[292]

Early users thought that equity-based crowdfunding would facilitate remote access to institutional investors, but they are unlikely to use online platforms. Crowdfunding connections to such investors may need to be complemented by in-person meetings for the extensive information exchange necessary for the investors to be comfortable providing large amounts of money.

Furthermore, crowdlending may be valuable for mature SMEs that lack access to bank financing, but it does not solve the problems of early stage and small firms that lack the size and track record to elicit such funds.

Although online investment platforms can help overcome geographical constraints, they have come up against another significant barrier – the digital divide. In many developing countries, much of the population does not have access to the internet. Intermittent electricity service affects the servers that drive the platforms, and even when these are functioning, accessing a full internet site is not always possible because of a poor connection.[293]

The need to make online payments is another obstacle in countries with underdeveloped formal financial sectors. In Africa and the Caribbean, for example, a significant part of the population does not have a credit card, bank account or access to e-transfers, making participation in online platforms impossible.[294] Adequate financial infrastructure is thus necessary for the success of online investment matching. Similarly, there are concerns about protecting contributors from fraud.[295]

Appropriate policies can help maximize the potential of online investment platforms

While online investment platforms have significant potential, they require a specific legal and regulatory framework.[296] When equity and debt-based online platforms facilitate the exchange of funds, for example, they need tailored legal and financial regulations. Such rules outline how shares are to be sold to the general public, reduce limits on investments from abroad and provide a legal framework for enforcing investment agreements concluded online. Currently, few developing countries have adequate crowdfunding regulations, which can also raise difficulties concerning compliance with traditional Know Your Customer and anti-money laundering regulations.

While some countries, including Singapore and Thailand, chose to regulate crowdfunding through existing regulatory frameworks, Malaysia, the Republic of Korea and others have created custom regulations that govern equity and debt-based crowdfunding transactions. Many countries, notably in Africa and the Middle East, have not yet updated their regulatory framework to facilitate crowdfunding. Enabling legislation is crucial to mobilizing funds through credible crowdfunding systems, particularly for loan and equity-based platforms.[297]

Crowdfunding platforms often operate across borders, interacting with international financial, data and e-commerce rules. The safe use of personal data online depends on progress in setting standards regarding privacy and data ownership and transfer. International consensus on allowable practices could support the appropriate use of big data for financial inclusion.

Investment promotion agencies

Investment promotion agencies are publicly funded government institutions that encourage FDI in a country. Their significance has grown since the 1990s, when many governments realized how important FDI was to their economies. When multinational corporations invested in a new factory in their territory, governments hoped that the whole economy would benefit from value chain linkages to local suppliers and the know-how of buyers abroad. At the same time, due to globalization, the competition for investment funds increased. Consequently, the number of such agencies rose substantially in the 1990s, reaching 164 national investment promotion agencies in 2000.[298]

Investment promotion agencies often attract FDI into greenfield projects that establish new companies in the host country. For example, such agency can help a multinational corporation to establish a factory that sources inputs locally. This can have indirect benefits for local SMEs that become suppliers into the corporation's global value chain.[299] In addition to higher sales, involvement in value chains can provide a number of gains for SMEs, including improved technical capacity, technology transfer and support for certification to international standards.

TABLE 5 Investment promotion agencies support services, by stage of matchmaking

Phase	Type of service
Identifying matching opportunities	▪ Seeking out investors. ▪ Maintaining databases of domestic firms. ▪ Providing information on investment opportunities (e.g. SMEs' supply capacity/investment readiness). ▪ Communicating corporate taxation and incentive programmes. ▪ Information on availability of supporting infrastructure.
Capacity building	▪ Training sessions for SMEs in business and investment pitching skills. ▪ Introduction to legal, accounting and other professional services for businesses seeking investment. ▪ Providing investors with information on procedures and regulations for doing business in the country.
Connecting investors and SMEs	▪ Hosting one-to-one meetings, investment fairs, exhibitions and missions to connect investors and domestic firms. ▪ Providing foreign investors with information about other factors that influence their location decision, such as schools, housing, safety and expatriate lifestyle considerations.
Facilitating deals	▪ Acting as a broker in negotiations. ▪ Facilitating company registration and licensing, such as for import or export permits. ▪ Creating a framework for dealing with intellectual property requirements. ▪ Access to utilities and infrastructure. ▪ Providing soft landing support for immigration procedures, housing arrangements, school enrolments, translation services, etc.
Aftercare services	▪ Enforcing investors and investees' rights. ▪ Resolving issues concerning tax, labour, customs, immigration and utilities. ▪ Assistance in upgrading technologies and investment opportunities, including advocacy to investment head offices to retain and increase existing investments. ▪ Continued advocacy for an attractive investment environment.

Source: ITC.

Brownfield FDI, on the other hand, involves a direct financial transfusion into a firm based in the host country. Investment promotion agencies can, for example, encourage international corporations to acquire shares in a promising local SME.

What investment promotion agencies offer

Unlike other investment facilitators presented in this chapter, investment promotion agencies are active in all steps of the investor framework. They aim to attract investment by reducing the transaction costs investors face, particularly in countries where information is less readily available and red tape tends to be more burdensome.[300] They often try to provide investors with a one-stop investment shop.[301] After being approached by a multinational corporation about investment opportunities in a particular sector, such agency strives to identify potential firms that would be a good match (Table 5).

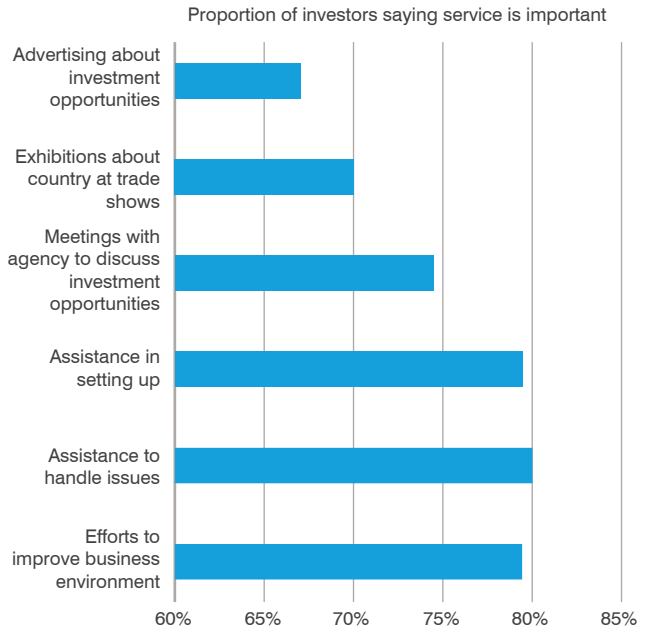
Investment promotion agencies provide capacity-building services and connect investors and SMEs through fairs, meetings and negotiations. They facilitate investment deals by connecting interested parties to providers of complementary services. In addition, they offer extensive aftercare services with a view to anchoring investors in the local economy, facilitating local supply and access to infrastructure.[302] They also conduct policy and advocacy work to help shape an appropriate investment ecosystem.

Investors value investment promotion agency services

Investment promotion agencies are in a unique position due to their public interest mandate and ability to be involved throughout the business lifecycle. They are well placed to help high-growth SMEs formalize and document their businesses, which reduces the information gap faced by investors. Moreover, they can help multinational companies through broad support services and in identifying local investment-ready SMEs. They do not specialize and have a developmental approach, allowing them to see the whole picture and providing motivation for good aftercare services.

The data suggest that investors are attracted to the services offered by investment promotion agencies. Eighty-four per

FIGURE 25 Investment promotion agency matchmaking services are important for investors



Source: ITC calculations based on IFC Global Investment Competitiveness Survey 2017.

cent of investors taking part in the IFC's Global Investment Competitiveness Survey said that high-quality services and support from investment promotion agencies were important to their firms. A majority of those interviewed agreed that each of the services offered by the agencies were important (Figure 25).[303]

Yet investor interest in investment promotion agencies has not necessarily translated into actual use of their services, with just 13% of respondent investors saying that they had actually used an agency service.[304] This indicates that investment promotion agencies are underperforming, despite strong investor demand, perhaps because of binding constraints on their capacity.

Collaboration needed to identify investment-ready small businesses

Evidence suggests that investment promotion agencies struggle to gather information about SMEs.[305] As a result, when approached by investors seeking opportunities, investment promotion agencies have a hard time identifying the right firms. Several of them have created specific programmes to promote linkages between foreign investors and local SMEs.[306] However, they need more and better data on domestic businesses if they are to facilitate good investment matching opportunities.

In many countries, trade promotion organizations have a deep knowledge about domestic export-ready SMEs. Their focus on enhancing the capacity of domestic businesses to export gives them expertise and intelligence on SMEs that have the need and capacity to engage with FDI for sustainable development. Indeed, to a large extent 'export-ready' SMEs are also 'investment-ready' SMEs.

Collaboration between investment and trade promotion bodies can bring together intelligence on investment opportunities in small businesses and the knowledge of interested foreign direct investors. Such cooperation can lead to successful matching of investors with SMEs. The effectiveness of information exchange mechanisms between bodies that promote investment and trade can determine the quality of the investment matchmaking process. The merging of national investment promotion agency and trade promotion organization bureaucracies in some countries partly reflects efforts to overcome inadequate exchanges of information between agencies.[307]

Data on domestic SMEs may also be available through national public and private sources as well as through international resources.

Binding constraints stymie capacity

A number of factors, particularly insufficient budgets, constrain the ability of investment promotion agencies to facilitate linkages between investors and SMEs.[308] Given that the agencies generate little, if any, revenues, the scope of their activities is circumscribed by government funding.

Binding budgetary limits prevent some from establishing programmes dedicated to investment matchmaking, undermine the duration and depth of such assistance and limit regional and sectoral coverage. This reduces the number of successful investment matches and generates fewer opportunities for SMEs to participate in global value chains and upgrade their activities.

Long-term implications of investment

Although the injection of cash into a local SME can foster its growth prospects, it may be necessary to examine carefully the motives of stakeholders to understand the long-term implications of investment for sustainable development.

Is the multinational investing in the local firm to secure a partner upstream in its value chain, or is it seeking to control or even reduce local competition? Does the owner of the local firm plough the returns from the investment back into the firm, recycle it in the local economy through

investment in start-ups, use it for conspicuous consumption or send the funds to a bank account overseas?

Although these questions may be most obvious in the context of brownfield FDI, they underscore the issues that should be considered to ensure that investment promotes sustainable development. Considering the investor's exit strategy can shed light on the long-term value of the investment, particularly how much of it will stay within the economy to support further private sector development. Investment firms interviewed for the International Finance Corporation investor survey, for example, on average re-invested 37% of profits earned by their overseas affiliates back into the overseas country.[309]

How to multiply matchmaking impact

Support for investment promotion agencies can entail benchmarking that assesses the strengths and weaknesses of the agency while identifying opportunities for improvement.[310] Evidence on best practices, including vis-a-vis trade promotion organizations and other actors, can be used for reference.[311] Alternatively, donor support may involve funding for training to improve staff know-how on key aspects of investment matchmaking.

To be effective in supporting the capacity of SMEs to connect with foreign direct investment, investment promotion agencies need to be embedded in an effective business support ecosystem. As with other investment facilitators discussed in this chapter, they rely on the services that the institutional ecosystem provides, such as land or business registration. Efforts to strengthen complementary organizations, such as credit bureaus, land registries and entrepreneurial finance organizations can support the work of investment promotion agencies.

Several other actors connect investors with SMEs as part of their everyday business. Investors sometimes turn to industrial associations for recommendations on firms to invest in. A handful of chambers of commerce and industrial associations conduct matchmaking activities. The chamber of commerce in Normandie, France, for instance, has an online platform that allows investors and entrepreneurs to meet.

A more strategic and innovative approach to matchmaking would boost the success of their activities. More targeted promotion strategies, based on the needs and priorities of SMEs in their country, could yield more benefits than the horizontal, general strategies many agencies currently follow.[312] This could include pinpointing specific categories of investors. For example, domestic and diaspora investors could be a good target group as they have local knowledge, already invest locally through remittances or owned businesses and can be interested in mentoring, helping to drive economic and social development.[313] Another option is to encourage partnerships with accelerators to help early-stage start-ups to develop.

Local financial institutions

Financial institutions have historically struggled to reach SMEs. A lack of information on SME creditworthiness and uncertainty about default rates lead to high perceived risks.[314]

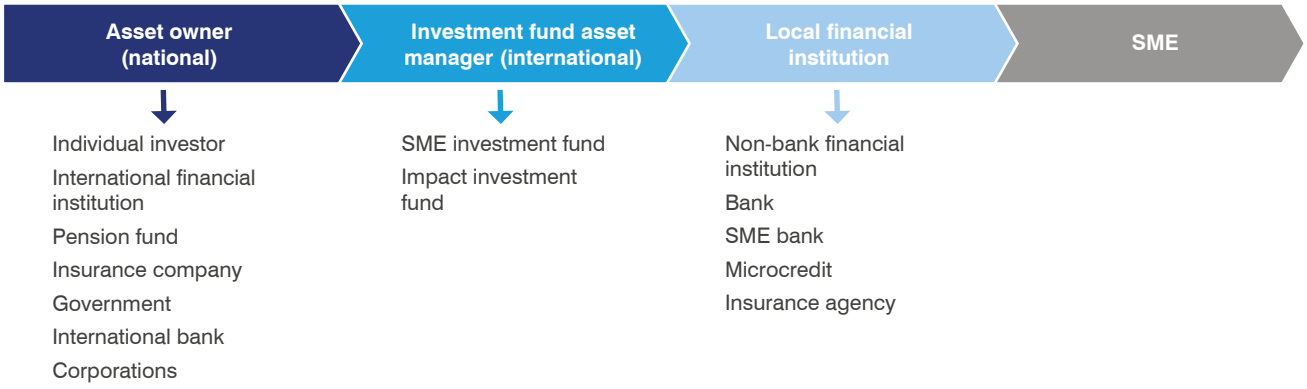
This problem is compounded in developing countries, where the financial sector is weak.[315] The average score of developing countries on the International Monetary Fund Financial Development Index – which summarizes the depth, access and efficiency of financial institutions and markets – is significantly lower than that of developed countries. Furthermore, the least developed countries as a group have a significantly lower average score than developing countries which are not least developed countries.[316]

The high operating costs, limited set of eligible economic actors and under-developed capital markets endemic to developing countries limits the ability of financial institutions to increase lending there.[317] Their responses to these conditions – high collateral requirements and interest rates – have made it difficult for SMEs to get loans or insurance. Nevertheless, estimated bank revenues from serving SMEs in developing countries amounted to $367 billion in 2015.[318]

The term 'financial institution' encompasses both banks and non-banking institutions. Commercial banks serve SMEs through mainstream lending, dedicated programmes or as stand-alone SME-only banks. Although banking reforms introduced after the 2008 financial crisis have dampened traditional bank lending to SMEs, other financial institutions and instruments have picked up the slack somewhat.[319]

Non-bank financial institutions also provide financial services to SMEs.[320] For example, Raiz is a non-banking financial institution in Peru that specializes in lending to its 70,000 microenterprise and SME clients through 46 branches.[321] Small microcredit organizations take the initial capital provided by investors and make microloans to start-ups and SMEs that are members of local credit organizations, which supervise each other's businesses and repayment record. Furthermore, specialized lenders offer tailored financial products such as leasing, factoring and supply chain financing.

FIGURE 26 Investment funds matched up with SMEs by financial institutions



Source: ITC.

Financial institutions partner with international funds

In light of the connection between SMEs in developing countries and achieving the SDGs, international private sector actors such as high-worth individual investors or international financial institutions are increasingly looking for local financial institutions to help them invest in developing-world SMEs (Figure 26).[322]

The transfer of finance from investment funds into small businesses through financial institutions works as follows. Asset owners interested in investing in SMEs place their money in an investment fund dedicated to the subject. The manager of the fund pools resources from different asset owners in a fund devoted to SME and/or SDG objectives.

The fund manager chooses appropriate financial institutions serving SMEs in relevant countries, and transfers funds. The financial institution then identifies matching opportunities by screening SMEs seeking financial assistance, and chooses which to include. The financial services include loans, lines of credit, factoring, leasing and insurance (Box 14).

Unparalleled reach and niche

Local financial institutions are unique among intermediates in that they have the ability to absorb billions of dollars of capital intended for investments in SMEs.[323] As a result, they already account for the vast majority of financing for SMEs, but their reach can be further expanded.

According to the International Finance Corporation, private commercial banks provided 58% of global funding to formal SMEs in 2011, while state-owned banks and other government agencies provided an additional 30%, and the remaining 12% of funding came from other non-bank financial institutions and investors.[324]

Although banks provide roughly half the funding for SMEs, non-banking institutions are making significant strides in reducing the SME financing gap. Research indicates that the operation of such non-bank financial institutions is associated with improved financial access for SMEs in developing countries, and that the dominance of the financial sector by banks reduces such access.[325]

Regardless of whether they are organized as bank or non-bank companies, financial institutions operate in the communities where there are cash-strapped SMEs with enormous potential to contribute to sustainable development. They build on this advantage by addressing another key market failure – the scarcity of information on the creditworthiness of SMEs. They mobilize social capital to acquire this knowledge, either through peer pressure from other lenders in microcredit groups, or through first-hand knowledge of the concerned individuals and enterprises in the case of SME banks.[326]

Finally, they bundle together many SME loans into financial instruments that are large enough to attract the interest of international investors. This reduces the transaction costs faced by investors. It also mitigates risk through a diversified portfolio of services for many enterprises from different sectors and locations.

High costs can undermine viability

Despite these strengths, providing financial services for SMEs involves high transaction costs that can exceed the amount that these financial institutions earn.[327] When default rates are taken into account, a typical loan to an SME leaves little profit to cover costs such as sessions with loan officers, analysis by the loan production unit, appraisal of fixed assets and monitoring of the loan.[328]

BOX 14: Investing in Ayurzana's roofing business

The story of how a Mongolian company obtained credit for its business illustrates the investment life cycle discussed in this report. Hundreds of individual investors interested in the SDGs have placed funds in BlueOrchard, a leading global impact investment asset manager.

The company is based in Switzerland and has invested $6 billion across 80 countries since it was founded in 2001. In 2018, these investments provided access to services to over 39 million SMEs in developing countries. For several years running, BlueOrchard has invested in Khan Bank, the largest provider of SME financial services in Mongolia.

Those services have been essential to the roofing business that Ayurzana Yondonbizya and her family founded in the city of Uliastai in 2005. The SME produces felt roofs and wool lattices for Mongolian portable nomadic round tents, known as gers. In 2012, Khan Bank provided a loan of $5,200 to build the first floor of the company's workshop.

After repaying the initial loan, Ayurzana's business took out a second loan for $11,600 to build the second floor and buy a new wool carding machine to expand the business.

The firm has potential to expand overseas, given that wool is a major export of Mongolia, with significant export potential to Thailand, Italy and the United Kingdom. Thailand shows the largest absolute difference between potential and actual exports of wool in value terms, leaving room to realize additional exports totaling $1.3 million.

Source: ITC.

Indeed, the high transaction costs in lending to SMEs explains banks' traditional aversion to the SME sector in developing countries. Similarly, lack of financial viability in micro-lending has undermined the sustainability of many microcredit initiatives.

While the injection of funds from interested donors and investors can partially allay these concerns, the intensive nature of this mode of SME investment in terms of labour and finance raises questions about the extent to which it can be scaled up to address a significant proportion of the SME financing gap.

Furthermore, some of the financial institutions concerned have a track record of exclusion that casts doubt on their capacity to promote financial inclusion. While the tendency to give loans to local elites, friends and family likely results from using social capital as an implicit loan guarantee, many banks have little history – or appetite – to work with tribal groups, disadvantaged youth or women-led firms.[329]

Best practices improve efficiency

Despite the challenges described above, some financial institutions are following best practices that make it profitable to engage with SMEs.[330] This includes incorporating a strategic focus on the sector into the institution's structure, based on a good understanding of SME economics and careful consideration of which SMEs to support.

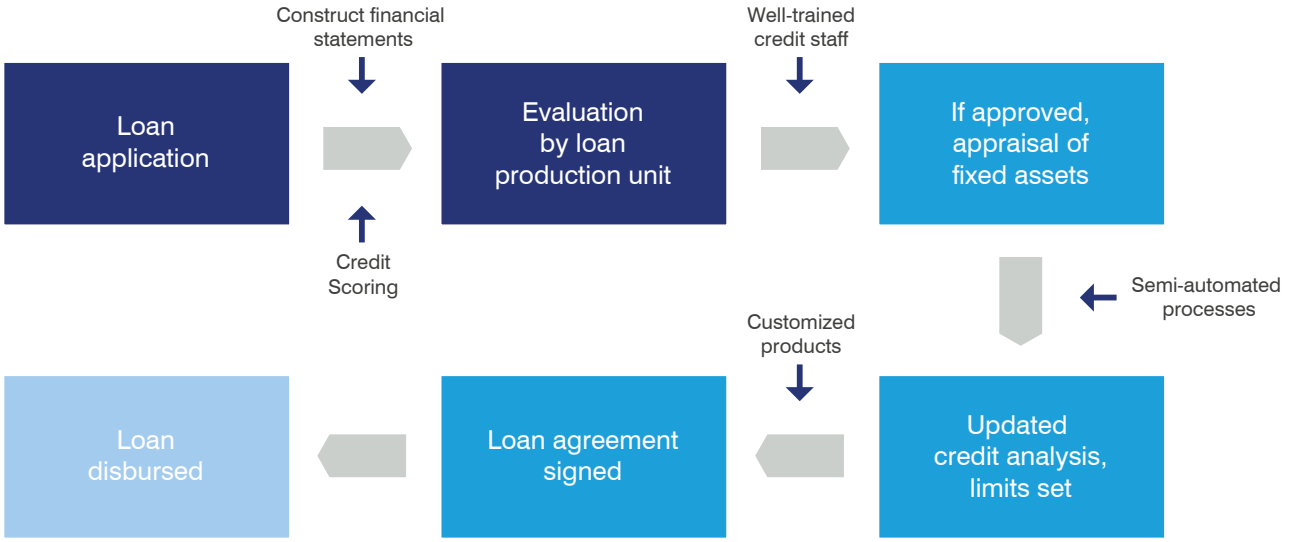
Based on market analysis, it is possible to create products and services for different segments of the customer base.[331] This helps bring in new clients and retain them in a process that reduces costs and sustains a solid customer base. The bottom line, however, depends on a solid risk management structure with sound credit risk and collection departments to optimize lending and minimize losses.[332]

The standard operating procedures highlighted in Figure 27 can yield significant benefits in reducing costs and improving reach when it comes to SME loans. Officers that work with SMEs can be trained and certified in cost-conscious lending procedures. This can include assembling financial statements using account turnover information and industry averages.

Investment in a semi-automated approach using information and database management technology can reduce transaction costs.[333] Credit scoring tools, in addition to psychological profiling and other automated decision support systems, can enhance the ability of loan officers to evaluate the real risks of such companies.[334]

Credit guarantee schemes are designed to reduce the risk of loans to small firms that cannot meet collateral requirements.[335] They promise banks that if an SME defaults on its loan, the government will pay the bank a portion of the outstanding amount. This credit guarantee ratio is chosen to attain the government's objective of maximizing loans to SMEs while minimizing the default rate.[336] International financial institutions such as the World Bank also operate credit guarantee programmes,[337] and like governments, they generally do not expect a return on their investment.

FIGURE 27 Interventions in SME loan application, analysis and approval process



Source: ITC illustration based on Munro (2013).

The bottom line of financial institutions serving SMEs will improve if they equip SMEs with the tools needed to reimburse loans.[338] Some SME investment funds have begun offering capacity building and technical assistance services to SMEs with the aim of mitigating the risks of investing in developing countries. These can include: support for training in financial planning; providing additional financial services; and establishing monitoring and evaluation procedures to report on impact to the investment fund.

For example, in addition to its work connecting investors and SMEs for financial inclusion, Symbiotics provides firms with training in business skills. Symbiotics delivered more than 100 technical assistance projects in more than 20 developing countries between 2011 and 2019.

Key attributes of investment facilitators

This report notes that the market is failing to connect SMEs with the investors they need for success. This problem is limiting the contribution that the private sector can make to achieving the Sustainable Development Goals. A crucial group of institutions, which this chapter calls 'investment facilitators', is helping to solve this problem by linking investors with opportunities to invest in SMEs.

Each type of investment facilitator has its own scale of operations, strengths, weaknesses and target SME and investor clientele (Table 6). A comparative analysis of the facilitators shows that the scale of the investment solutions they offer differs significantly. While accelerators deliver just a few hundred million dollars of investment every year, transactions involving FDI and banking institutions total hundreds of billions of dollars. Yet accelerated firms are set to grow significantly, and make substantial contributions to innovation and growth, making their contribution to achieving the SDGs bigger than at first glance.

The advantages and disadvantages of each of the investment facilitators means they are more or less appropriate to particular contexts. For example, SMEs looking for capacity building would do well to go to an accelerator rather than a crowdfunding website. On the other hand, a start-up with a great idea and some time, but mobility constraints, could find it best to use a crowdfunding website.

Comparing weaknesses suggests that several facilitators face financial constraints that impinge on their ability to make good matches. Finally, they seem to each have their own client base, which in combination with their scale and way of working, highlights that they have distinct impacts on sustainable development.

Together, investment facilitators and business support organizations form the national ecosystem through which foreign private sector funding will be funnelled into local SMEs. Strengthening national investment facilitators should be a key element of the finance for development agenda.

TABLE 6 Attributes of investment facilitators

Actor	Attributes
Financial Institutions serving SMEs	▪ Estimated bank revenues from serving SMEs in developing countries of $367 billion in 2015[339] ▪ Lend to mature SMEs with at least six months of revenue generation ▪ Impact investors, international financial institutions and investment funds ▪ Pre-existing reach among SMEs in developing countries, potentially profitable ▪ Need to streamline processes to reduce costs, improve inclusion and sustainability
Investment promotion agencies (IPAs)	▪ No data on IPA-moblized funds: FDI to developing countries $671 billion in 2017[340] ▪ Work with formal sector SMEs with actual or potential participation in international value chains ▪ Work with foreign direct investors ▪ Strong on aftercare, connecting SMEs and investors, and capacity building ▪ Budget constraints limit scope; may be challenging to identify matches
Online investment platforms	▪ Total value of the crowdfunding market was $34 billion in 2015[341] and is expected to grow by 17% annually[342] ▪ Channel funds to SMEs with an inspirational product and extensive social network ▪ Draw from small individual investors ▪ Easy to access; mobilize small-scale financing ▪ Require internet access and e-payments infrastructure, limited funds available
Accelerators	▪ Total value of the accelerator market was $207 million in 2016[343] ▪ Channel support and funds to high-potential start-ups that can be quickly scaled up ▪ Work with venture capitalists or angel investors ▪ Strong on capacity building and identifying investment matching opportunities ▪ Weak on aftercare, depend on large extant pool of investors, mentors and SMEs

Source: ITC.

CHAPTER 6

Conclusions

Small and medium-sized enterprises have enormous potential to attract private sector investment for sustainable development. Analysis presented in this report indicates that closing $1 trillion of the existing SME finance gap of $5.2 trillion would enable small firms to make major contributions to 60% of the sustainable development targets, with the largest expected impacts on SDG 8 (*Decent Work and Economic Growth*) and SDG 9 (*Industry, innovation and infrastructure*).

SMEs contribute to the SDGs through the jobs and wages they provide to their employees, their business practices, the sector in which they operate and their contribution to the national economy.

FIGURE 28 Four investment partnerships for sustainable development

Source: ITC.

Yet, less than 1% of the tens of trillions of dollars that global asset managers have under management is currently invested in developing country SMEs. To increase the flow of funding to SMEs by $1 trillion annually it is necessary to strengthen the mechanisms that link 'big money' to 'small business' in the developing world.

Stronger investment partnerships for sustainable development

Successful investments, particularly in SMEs, are the result of coordinated action by investors, SMEs and often several other actors. Each category of international investor tends to partner with one kind of investment facilitator which links that investor to SMEs and other investment-related services.

This report describes the investors in SMEs, their means of investing and the facilitators that support such investments. It identifies four main streams through which investors, facilitators and enterprises can form partnerships for sustainable development. Scaling up funding for SMEs will be easier where such partnerships exist and are strong (Figure 28).

The first partnership centres on seed and venture capital for start-ups. Accelerators play a key role offering investment support services to start-ups and matching them with business angels and venture capital investors. In turn, these start-ups have the potential to grow rapidly and make substantial contributions to innovation and SDG 9.

The second partnership, centred on the use of crowdfunding platforms, can play a role for financing SMEs with innovative business models or SMEs in remote locations. As crowdfunding tends to be more successful when businesses have social objectives, this investment partnership is likely to have particular benefits for improving health, access to clean water and reliable electricity under SDGs 3, 6 and 7 respectively.

The third partnership seeks to scale up foreign direct investment. Investment promotion agencies are ideally placed to catalyse these investments and direct investment into sectors that benefit SMEs. This partnership has the potential to make major contributions to creating decent jobs and stimulating growth under SDG 8.

The final partnership has the potential to scale up lending, insurance and factoring to SMEs on a massive scale. By working with local financial institutions, investment funds can deploy billions of dollars into local SMEs. This partnership, perhaps more than any other, has the potential to make the biggest contributions to creating decent jobs and economic growth.

Strengthening investment facilitators

The four investment partnerships described above rely on having a strong investment facilitator in the local economy. By overcoming information asymmetries and lowering transaction costs, they connect international capital to local SMEs. The existence and quality of these actors will determine whether the Finance for Development agenda will work for SMEs.

The following are a number of measures that are crucial to ensuring investment facilitators can play their full role.

Embed accelerators in innovation hubs

The best start-up ecosystems provide a steady supply of highly innovative start-ups, professionals with business management skills, experienced entrepreneurs who can serve as mentors, and networks of investors. Accelerators work best when they are embedded in such start-up ecosystems.

A simple first step to catalysing early stage capital is to assess whether accelerators exist in the local economy, and if so, which sectors they serve. If no accelerators are present, there should be a careful assessment of the benefits of setting up such an institution. Where multiple accelerators exist, coordination may be needed to help to avoid duplication of services and overinvestment in particular sectors.

In many developing countries, however, accelerators fail to connect with candidate start-ups. In such instances, raising awareness of existing accelerator programmes would help. In addition, many developing countries have a paucity of domestic business angels and venture capitalists. Efforts to support creating such networks could help mobilize domestic as well as foreign financing, often from the diaspora. Targeted official development assistance designed to kick-start these start-up ecosystems could be particularly effective.

Online investment platforms need regulatory clarity

Online investment platforms have the potential to link up thousands of individual investors and SMEs. They do this by making it easier to search and connect via the internet in pursuit of tailored investment opportunities.

In developing countries, there is a lack of clarity regarding the regulatory frameworks that apply to crowdfunded investments. Currently, few developing countries have adequate crowdfunding regulations, which can raise difficulties concerning compliance with traditional Know-Your-Customer and anti-money laundering regulations.

Efforts to provide regulatory clarity regarding the rules around crowdfunding as an investment (as opposite to a donation) would help scale up this form of financing.

Connecting investment promotion agencies to SMEs

Every year $600 billion of foreign direct investment (FDI) flows into developing countries. For these flows to increase and to benefit SMEs, there is need to strengthen the link between FDI and SMEs.

Private sector investors face substantial uncertainty when investing in SMEs, especially in developing countries. The 2018 World Bank *Global Investment Competitiveness Report* highlights the importance for investors of 'information about the availability of local suppliers'. Investment promotion agencies that are able to provide granular information on SMEs with investment potential would be better placed to attract and retain investors.

Yet, many investment promotion agencies in developing countries suffer from budgetary constraints, unfocused mandates and operational weaknesses. These challenges constrain their ability to facilitate links between investors and SMEs.

Support for investment promotion agencies can entail benchmarking that assesses the strengths and weaknesses of the agency while identifying opportunities for improvement. Furthermore, fostering access to high-quality data on investment-ready SMEs is essential to match SMEs and investors at the volume and quality required to boost FDI flows. Finally, ensuring that investment promotion agencies coordinate with complementary organizations, such as credit bureaus, chambers of commerce, sector associations, land registries and entrepreneurial finance organizations, is also essential to their work.

Local financial institutions: Bundling small business investments

Financial institutions have historically struggled to reach SMEs, especially in developing countries. A lack of information on SME creditworthiness leads to high perceived risks. This problem is compounded in developing countries, where the financial sector is weak.

Despite these challenges, large international private investors are increasingly placing their money into investment funds with a mandate to invest in developing country SMEs. However, these funds find it challenging to invest directly in these SMEs, given the high transaction costs of searching for and serving thousands of small firms.

Local financial institutions, such as local banks, insurance providers and microcredit agencies, have a role to play. They are well placed to gather, and if necessary provide, information on SMEs that is necessary to accurately assess performance risk. This can include information on their credit history. They are also ideally placed to bundle SME investment opportunities into financial instruments that attract international investment funds to invest at scale. This can include the transformation of debt – still the form of financing in highest demand by SMEs – into equity or insurance instruments that may be more attractive for international investors.

To enable local financial institutions to bundle SME investments more effectively, technical assistance designed to boost automation, improve decision-making, and train loan officers may be necessary. Support for creating and maintaining credit registries can lead to major benefits. New technologies, such as blockchain, can play a useful role regarding such registries.

Blended finance also plays a role. Many private investment funds benefit from public sector guarantees, mostly in the form of first-loss financing, under which public funds take the first losses. The intention is to provide incentives for investments that may have lower or unproven commercial returns compared to alternatives in the short-run, but that encourage the development of new markets most conducive to meeting the SDGs.

While this form of financing can help bring private-sector capital to SMEs, it is necessary to ensure that such arrangements do not become an entrenched subsidy to large investors. Stronger financial actors in the developing world would be able to take advantage of blended finance in its intended role.

Towards 2030

This report has made a strong case for investing in small businesses to achieving the Sustainable Development Goals. Private sector investment can be at the heart of this process, but success will depend on partnerships with local investment facilitators. Actors that connect SMEs and investors are crucial to getting big money where it should be – in the hands of the small firms that can turn it into sustainable development.

PART II.

SME competitiveness country profiles

CHAPTER 7

Country profiles

Edition 2019: What's new?

This year's edition features all countries for which data is available, producing 85 profiles of economies around the world.

In this edition, the country profiles consist of one page per country, featuring the key indicators, SME competitiveness grid summary and SME competitiveness indicators. The main innovation is the inclusion of dynamic data for competitiveness indicators, showing their development over time. These dynamics are only shown for countries with new data. Calculations and changes in the methodology are explained briefly in the abridged technical annex at the end of the report, and in full detail in the technical annex available online.[344]

Readers' guide to country profiles

Key indicators

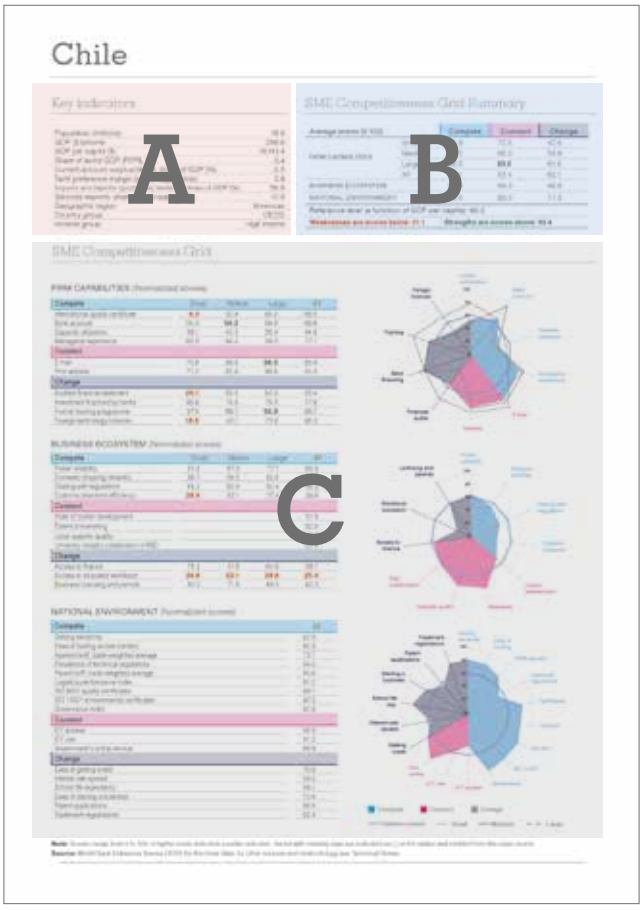
At the top left of each country profile, there are 11 key indicators on the country's population, economy, trade and groupings (Figure 29, area A).

SME competitiveness

SME competitiveness grid summary

The grid in the top right corner of the SME competitiveness page represents a table with summary statistics for each level and pillar of competitiveness (Figure 29, area B). Values are averages for each level-pillar combination, with higher numbers indicating higher competitiveness and lower numbers signalling room for improvement. Values in green indicate the country's strengths, and those in red indicate weaknesses. The reference level at the bottom of the table determines what are strengths and what are weaknesses. For firm-level capabilities, the profiles also provide indicators by company size, making it possible to distinguish the performance of small, medium-sized and large firms. Each value is accompanied by an arrow

FIGURE 29 Country profile example



placed to its right. A green arrow signals improvement in this indicator when compared to the same indicator in the preceding period. A red arrow reflects a decrease in the score, and a yellow arrow that the indicator has remained unchanged. The arrows are not reported when data is available only for a single year.

SME competitiveness grid

The SME Competitiveness score is presented in tables and radar charts along three pillars and three levels of competitiveness.

The three pillars focus on capacities, clustering them as follows:

- Capacity to compete, in blue
- Capacity to connect, in pink
- Capacity to change, in grey

Each pillar of competitiveness is determined at three levels:

- Firm level
- Business ecosystem level
- National environment level

These pillars and levels of competitiveness make up the SME competitiveness grid, which is represented in tables and radar charts (Figure 29, area C). The indicator scores are normalized, so that higher numbers and larger coloured areas indicate stronger performance.

Also, the indicator values are accompanied by an arrow to their right signalling their evolution from their value in the preceding period.

The coloured areas in each plot represent indicators computed for all firm sizes. The solid dark blue line is the country-specific reference level. It is the expected level of indicators, taking into account the level of development of each country (approximated by its GDP per capita). This reference level is used as the baseline to determine strengths and weaknesses.

The radar charts are comparable across levels, making it possible to identify whether strengths and weaknesses lie in firm capabilities, the business ecosystem or the national environment.

Firm capabilities are reported separately for small firms (a dotted black line), medium-sized firms (a solid black line) and large firms (dashed black line). The closer the indicator score is to the edge of the radar chart, the more competitive the firms. SME performance can be compared to performance of large firms; the performance gap is represented by the distance between the dashed and the dotted black lines.

Index of country profiles

Albania

Key indicators

Population (millions)	2.9
GDP ($ billions)	15.1
GDP per capita ($)	5260.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-7.1
Tariff preference margin (percentage points)	3.0
Imports and exports (goods and services), share of GDP (%)	93.0
Services exports, share of total exports (%)	58.9
Geographic region	Europe
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	33.0	34.7	26.6
	Medium	48.8	50.3	40.8
	Large	59.0	57.3	59.1
	All	37.9	38.6	31.7
BUSINESS ECOSYSTEM		61.1	61.6	**79.7**
NATIONAL ENVIRONMENT		59.0	58.3	63.1

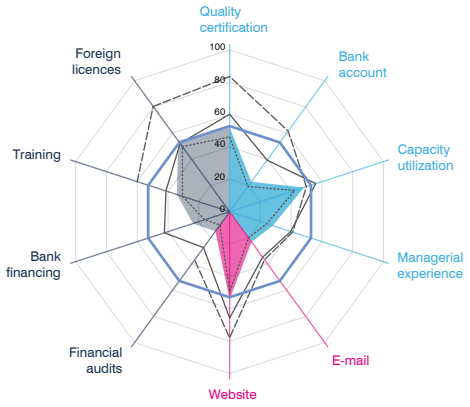
Reference level (a function of GDP per capita): 52.9

Weaknesses are scores below: 26.5 | **Strengths are scores above: 79.4**

SME Competitiveness Grid

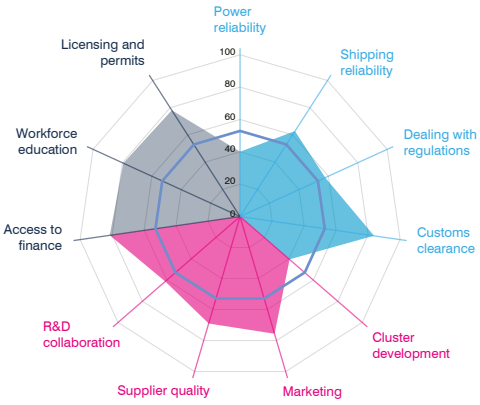
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	46.2	60.2	**83.5**	52.2
Bank account	**19.2**	39.4	61.6	**22.8**
Capacity utilization	42.4	56.0	49.9	48.4
Managerial experience	**24.2**	39.7	41.0	28.0
Connect				
E-mail	**19.9**	34.8	36.7	**23.1**
Firm website	49.4	65.7	78.0	54.1
Change				
Audited financial statement	**10.1**	27.4	36.8	**14.9**
Investment financed by banks	**16.2**	42.4	-	**23.7**
Formal training programme	30.6	41.4	60.1	34.3
Foreign technology licences	49.6	52.1	**80.3**	54.0



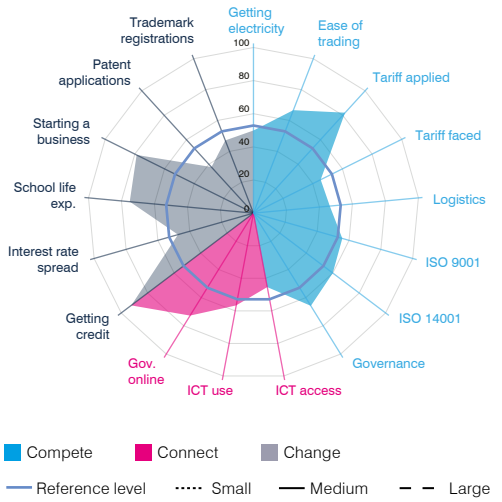
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	40.8	43.1	28.2	40.1
Domestic shipping reliability	62.8	66.6	**100.0**	62.8
Dealing with regulations	60.1	54.9	37.3	57.9
Customs clearance efficiency	-	**84.7**	**100.0**	**83.7**
Connect				
State of cluster development				40.5
Extent of marketing				75.6
Local supplier quality				69.0
University-industry collaboration in R&D				61.3
Change				
Access to finance	**81.7**	79.1	**86.4**	**81.5**
Access to educated workforce	**80.8**	**83.9**	52.6	**79.4**
Business licensing and permits	76.7	**89.2**	65.7	78.1



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	49.9
Ease of trading across borders	66.7
Applied tariff, trade-weighted average	**82.1**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	45.3
Logistics performance index	46.3
ISO 9001 quality certificates	55.8
ISO 14001 environmental certificates	60.0
Governance index	65.8
Connect	
ICT access	45.4
ICT use	56.7
Government's online service	72.7
Change	
Ease of getting credit	**92.4**
Interest rate spread	47.3
School life expectancy	75.0
Ease of starting a business	78.8
Patent applications	37.6
Trademark registrations	47.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Angola

Key indicators

Population (millions)	29.2
GDP ($ billions)	114.5
GDP per capita ($)	3924.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-2.1
Tariff preference margin (percentage points)	0.1
Imports and exports (goods and services), share of GDP (%)	58.8
Services exports, share of total exports (%)	1.8
Geographic region	Africa
Country group	LDC
Income group	Lower-middle income

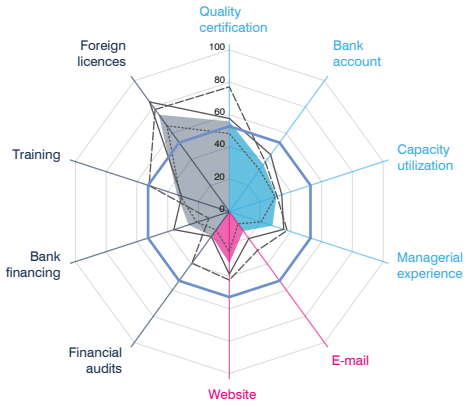
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.7	**17.1**	33.1
	Medium	42.6	29.6	42.4
	Large	45.9	35.9	45.7
	All	37.6	**23.3**	38.2
BUSINESS ECOSYSTEM		34.4	**16.1**	27.4
NATIONAL ENVIRONMENT		44.7	37.1	39.5
Reference level (a function of GDP per capita): 52.8				
Weaknesses are scores below: 26.4		**Strengths are scores above: 79.1**		

SME Competitiveness Grid

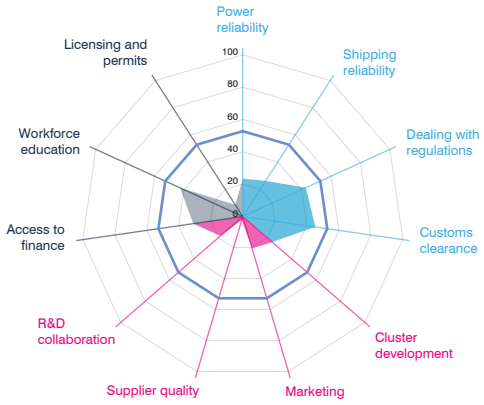
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	48.3	57.6	77.1	55.9
Bank account	31.9	43.5	37.9	36.0
Capacity utilization	29.8	34.1	31.0	30.7
Managerial experience	**20.7**	35.4	37.6	28.0
Connect				
E-mail	**9.2**	**20.6**	29.6	**14.8**
Firm website	**24.9**	38.7	42.3	31.8
Change				
Audited financial statement	**13.8**	**18.9**	39.3	**18.5**
Investment financed by banks	**21.2**	36.0	**13.3**	26.4
Formal training programme	31.8	30.9	52.1	33.9
Foreign technology licences	65.6	**83.8**	78.0	74.1



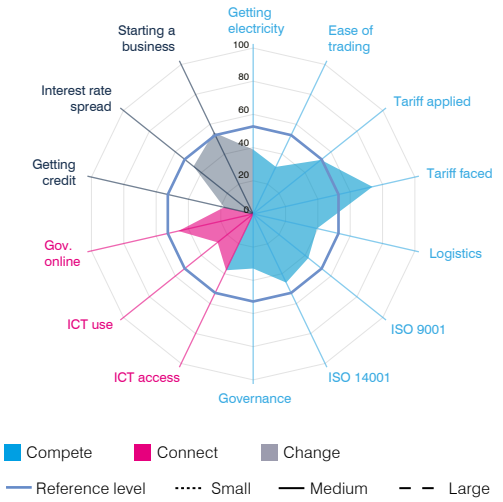
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**21.7**	**24.9**	26.7	**23.4**
Domestic shipping reliability	**18.4**	29.5	**85.7**	**26.2**
Dealing with regulations	49.9	37.8	33.5	42.8
Customs clearance efficiency	-	-	-	45.4
Connect				
State of cluster development				**24.2**
Extent of marketing				**20.6**
Local supplier quality				**1.4**
University-industry collaboration in R&D				**18.3**
Change				
Access to finance	34.7	**23.5**	38.1	31.0
Access to educated workforce	44.5	41.7	37.3	42.7
Business licensing and permits	**11.0**	**6.2**	**5.1**	**8.6**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	38.9
Ease of trading across borders	31.5
Applied tariff, trade-weighted average	52.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	73.8
Logistics performance index	39.5
ISO 9001 quality certificates	42.6
ISO 14001 environmental certificates	45.9
Governance index	32.9
Connect	
ICT access	37.6
ICT use	27.4
Government's online service	46.2
Change	
Ease of getting credit	**18.0**
Interest rate spread	46.0
School life expectancy	-
Ease of starting a business	54.5
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Technical Annex.

Argentina

Key indicators

Population (millions)	44.6
GDP ($ billions)	475.4
GDP per capita ($)	10667.1
Share of world GDP (PPP$, %)	0.7
Current account surplus/deficit, share of GDP (%)	-3.7
Tariff preference margin (percentage points)	5.3
Imports and exports (goods and services), share of GDP (%)	25.6
Services exports, share of total exports (%)	19.5
Geographic region	Americas
Country group	
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	58.0 ↑	73.6 ↑	39.3 ↓
	Medium	68.8 ↑	90.5 ↓	60.9 ↓
	Large	66.9 ↓	**93.8** ↓	65.9 ↓
	All	62.7 ↑	79.8 ↑	49.0 ↓
BUSINESS ECOSYSTEM		49.1 ↑	53.8 ↓	34.3 ↑
NATIONAL ENVIRONMENT		63.2 ↑	65.3 ↓	66.1 ↑

Reference level (a function of GDP per capita): 61.9

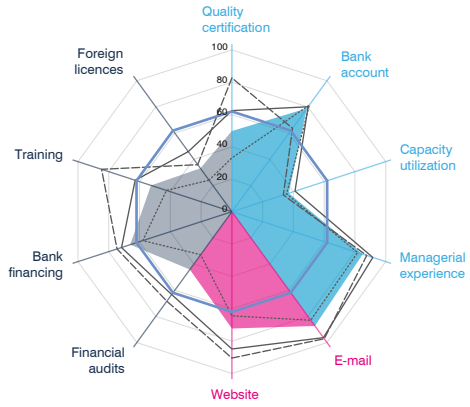
Weaknesses are scores below: 31.0 | **Strengths are scores above: 92.9**

↑ Scores that increased = Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

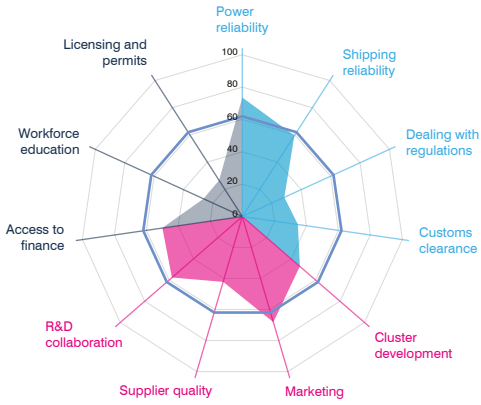
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	33.3 ↓	62.4 ↑	82.7 ↓	49.9 ↓
Bank account	81.4 ↑	80.1 ↑	63.7 ↓	78.9 ↑
Capacity utilization	35.5 ↓	41.1 ↓	33.4 ↓	37.0 ↓
Managerial experience	81.7 =	91.6 ↑	87.6 ↑	85.0 ↑
Connect				
E-mail	82.9 ↑	**96.2** ↓	**97.1** ↓	87.3 ↑
Firm website	64.4 ↑	84.9 ↑	90.5 ↓	72.2 ↑
Change				
Audited financial statement	32.8 ↓	63.3 ↓	68.4 ↓	44.2 ↓
Investment financed by banks	57.9 ↑	71.7 ↑	74.6 ↑	66.1 ↑
Formal training programme	42.5 ↓	62.8 ↓	84.7 ↓	52.5 ↓
Foreign technology licences	**24.0** ↓	45.9 ↓	35.8 ↓	33.1 ↓



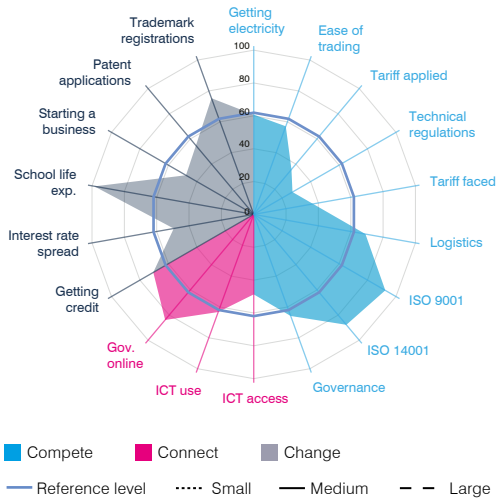
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	73.6 ↑	73.6 ↑	**94.2** ↑	73.6 ↑
Domestic shipping reliability	54.2 ↑	66.6 ↑	77.3 ↑	59.5 ↑
Dealing with regulations	**29.8** ↑	**25.0** ↓	31.0 ↑	**28.6** ↑
Customs clearance efficiency	**27.5** ↑	41.4 ↓	43.7 ↓	34.7 ↓
Connect				
State of cluster development				47.1 ↓
Extent of marketing				68.1 ↓
Local supplier quality				42.2 ↓
University-industry collaboration in R&D				57.7 ↑
Change				
Access to finance	55.0 ↑	35.6 ↑	65.7 ↑	50.0 ↑
Access to educated workforce	**27.5** ↑	**21.4** ↑	35.5 ↑	**26.4** ↑
Business licensing and permits	**23.3** ↓	31.5 ↑	39.3 ↑	**26.6** ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	60.7 ↓
Ease of trading across borders	57.1 ↑
Applied tariff, trade-weighted average	35.8 ↓
Prevalence of technical regulations	**27.3** -
Faced tariff, trade-weighted average	36.7 ↓
Logistics performance index	69.0 ↓
ISO 9001 quality certificates	92.5 ↓
ISO 14001 environmental certificates	87.8 ↑
Governance index	65.8 ↑
Connect	
ICT access	48.7 ↓
ICT use	63.3 ↓
Government's online service	83.9 ↑
Change	
Ease of getting credit	70.6 =
Interest rate spread	49.4 ↓
School life expectancy	**98.5** ↑
Ease of starting a business	47.7 ↑
Patent applications	54.8 ↓
Trademark registrations	75.3 ↓



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Armenia

Key indicators

Population (millions)	3.0
GDP ($ billions)	12.5
GDP per capita ($)	4190.2
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-3.8
Tariff preference margin (percentage points)	5.7
Imports and exports (goods and services), share of GDP (%)	78.9
Services exports, share of total exports (%)	46.9
Geographic region	Asia
Country group	LLDC
Income group	Upper-middle income

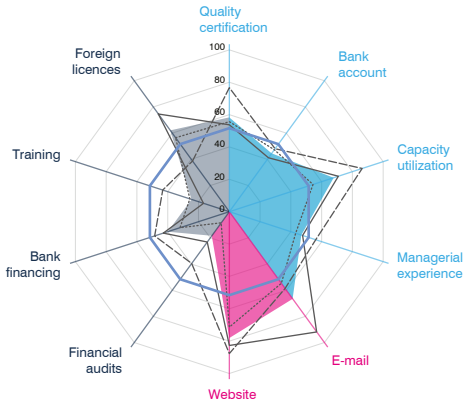
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	50.1	63.0	30.6
	Medium	53.3	**87.3**	39.4
	Large	66.8	73.2	42.5
	All	54.4	72.4	36.3
BUSINESS ECOSYSTEM		63.1	56.3	66.0
NATIONAL ENVIRONMENT		50.2	53.4	68.0
Reference level (a function of GDP per capita): 51.6				
Weaknesses are scores below: 25.8		**Strengths are scores above: 77.4**		

SME Competitiveness Grid

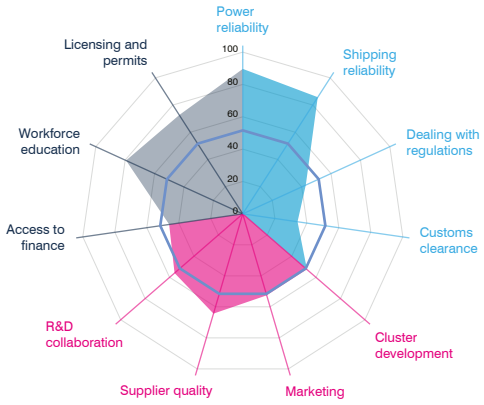
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	55.6	53.7	76.6	58.3
Bank account	47.3	41.1	48.1	44.5
Capacity utilization	54.4	70.9	**86.3**	67.8
Managerial experience	43.1	47.6	56.1	46.8
Connect				
E-mail	54.7	**91.9**	58.6	66.6
Firm website	71.3	**82.7**	**87.7**	**78.1**
Change				
Audited financial statement	**8.5**	**23.2**	39.6	**18.4**
Investment financed by banks	32.0	42.9	48.5	40.0
Formal training programme	**25.6**	**16.7**	43.3	**24.6**
Foreign technology licences	56.4	74.6	38.6	62.1



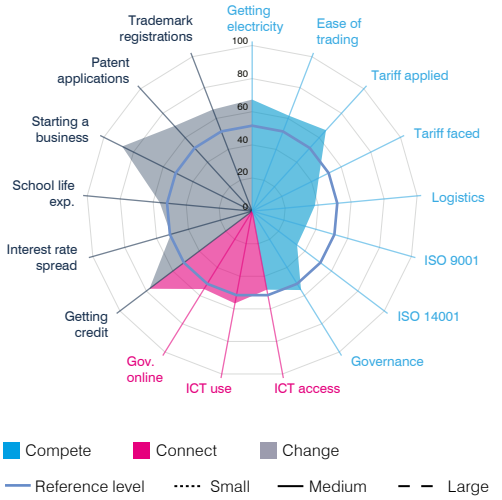
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**85.9**	**89.6**	**94.2**	**89.6**
Domestic shipping reliability	**85.7**	77.3	77.3	**85.7**
Dealing with regulations	46.8	37.8	47.0	42.8
Customs clearance efficiency	-	38.2	32.4	34.2
Connect				
State of cluster development				52.5
Extent of marketing				52.5
Local supplier quality				64.4
University-industry collaboration in R&D				55.9
Change				
Access to finance	48.7	42.3	49.3	46.0
Access to educated workforce	**80.8**	**83.0**	64.7	**79.4**
Business licensing and permits	69.4	**90.4**	47.9	72.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	67.4
Ease of trading across borders	61.8
Applied tariff, trade-weighted average	66.2
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	44.9
Logistics performance index	38.0
ISO 9001 quality certificates	33.7
ISO 14001 environmental certificates	34.0
Governance index	56.0
Connect	
ICT access	48.2
ICT use	56.7
Government's online service	55.3
Change	
Ease of getting credit	**77.7**
Interest rate spread	51.0
School life expectancy	56.0
Ease of starting a business	**87.7**
Patent applications	69.6
Trademark registrations	65.8



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Azerbaijan

Key indicators

Population (millions)	9.9
GDP ($ billions)	45.6
GDP per capita ($)	4586.8
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	6.6
Tariff preference margin (percentage points)	1.0
Imports and exports (goods and services), share of GDP (%)	78.0
Services exports, share of total exports (%)	25.4
Geographic region	Asia
Country group	LLDC
Income group	Upper-middle income

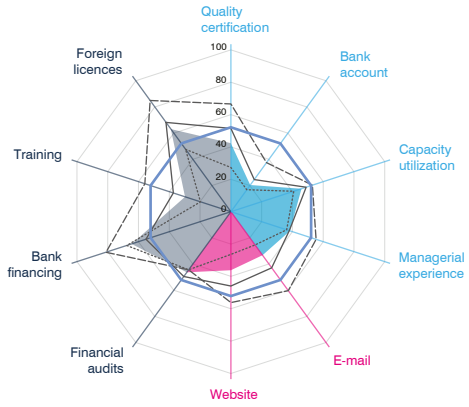
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	30.3	**25.9**	44.8
	Medium	40.7	44.5	52.6
	Large	53.1	58.3	66.6
	All	36.8	34.7	50.9
BUSINESS ECOSYSTEM		74.8	75.3	76.1
NATIONAL ENVIRONMENT		47.2	63.7	59.4
Reference level (a function of GDP per capita): 52.2				
Weaknesses are scores below: 26.1			**Strengths are scores above: 78.2**	

SME Competitiveness Grid

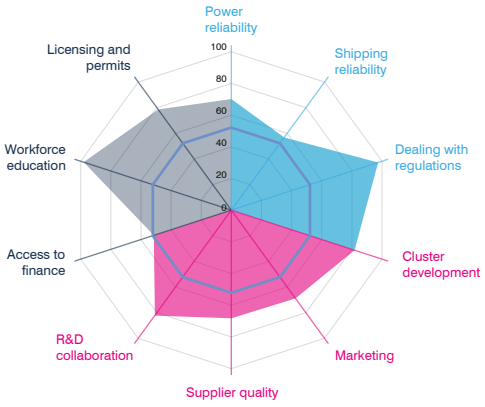
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	27.3	51.5	66.6	42.3
Bank account	**16.7**	**24.5**	37.5	**20.4**
Capacity utilization	40.9	48.9	53.0	45.9
Managerial experience	36.2	38.0	55.4	38.4
Connect				
E-mail	**25.4**	43.0	60.4	33.3
Firm website	26.4	46.0	56.2	36.2
Change				
Audited financial statement	44.4	49.5	44.4	46.3
Investment financed by banks	67.6	55.2	**81.1**	64.5
Formal training programme	**19.7**	37.4	55.9	29.8
Foreign technology licences	47.6	68.2	**84.9**	63.1



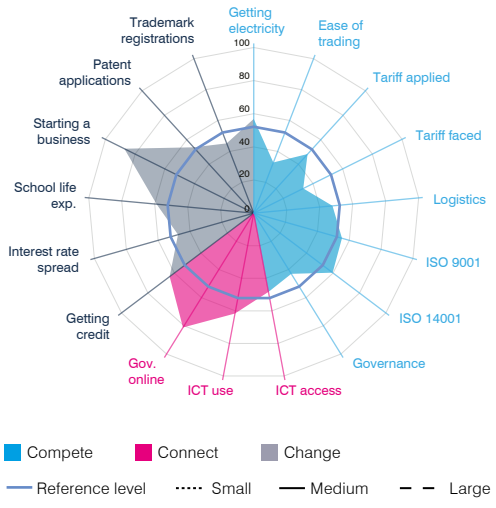
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	77.7	61.4	-	70.2
Domestic shipping reliability	66.6	54.2	39.6	56.7
Dealing with regulations	**97.4**	**97.4**	**100.0**	**97.4**
Customs clearance efficiency	-	-	-	-
Connect				
State of cluster development				**81.8**
Extent of marketing				68.9
Local supplier quality				68.3
University-industry collaboration in R&D				**82.2**
Change				
Access to finance	51.2	50.0	62.7	51.5
Access to educated workforce	**96.6**	**100.0**	**100.0**	**98.1**
Business licensing and permits	**78.6**	**80.6**	72.3	**78.6**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.9
Ease of trading across borders	32.8
Applied tariff, trade-weighted average	48.2
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	33.4
Logistics performance index	47.8
ISO 9001 quality certificates	55.4
ISO 14001 environmental certificates	59.7
Governance index	43.1
Connect	
ICT access	48.4
ICT use	61.7
Government's online service	**81.2**
Change	
Ease of getting credit	63.6
Interest rate spread	47.5
School life expectancy	58.8
Ease of starting a business	**87.3**
Patent applications	53.8
Trademark registrations	45.2



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Bangladesh

Key indicators

Population (millions)	164.9
GDP ($ billions)	286.3
GDP per capita ($)	1736.3
Share of world GDP (PPP$, %)	0.6
Current account surplus/deficit, share of GDP (%)	-3.2
Tariff preference margin (percentage points)	4.1
Imports and exports (goods and services), share of GDP (%)	39.1
Services exports, share of total exports (%)	8.7
Geographic region	Asia
Country group	LDC
Income group	Lower-middle income

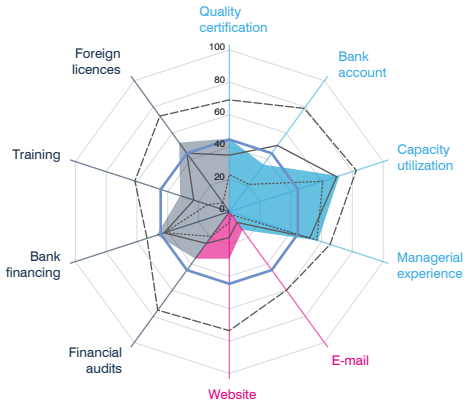
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	40.4	**4.5**	**20.4**
	Medium	51.9	**12.1**	33.6
	Large	**74.0**	66.8	65.8
	All	52.6	**21.5**	41.9
BUSINESS ECOSYSTEM		54.0	51.9	55.7
NATIONAL ENVIRONMENT		48.8	49.6	41.7
Reference level (a function of GDP per capita): 44.6				
Weaknesses are scores below: 22.3		**Strengths are scores above: 66.9**		

SME Competitiveness Grid

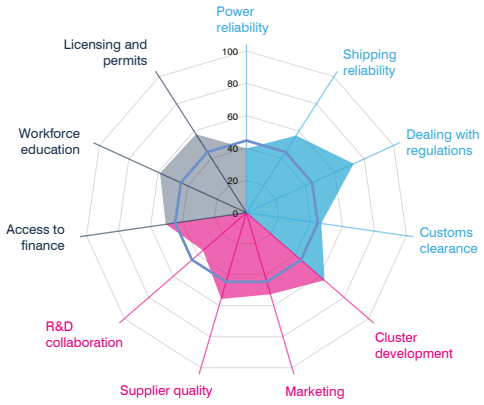
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	22.9	35.0	**69.1**	45.2
Bank account	**20.8**	50.6	**78.9**	36.0
Capacity utilization	60.9	**69.8**	**82.5**	**71.5**
Managerial experience	56.9	52.3	65.5	57.6
Connect				
E-mail	**2.4**	**8.2**	60.0	**14.0**
Firm website	**6.7**	**16.0**	**73.5**	29.1
Change				
Audited financial statement	**18.9**	24.2	**75.2**	35.9
Investment financed by banks	42.1	42.4	53.4	47.2
Formal training programme	**14.1**	23.1	61.4	31.9
Foreign technology licences	**6.7**	44.7	**73.1**	52.7



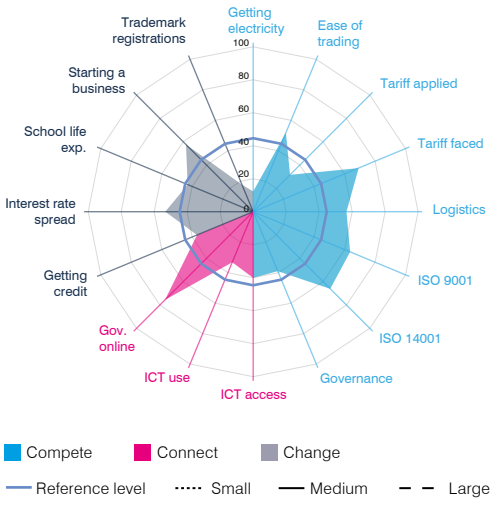
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	34.7	44.0	41.9	39.7
Domestic shipping reliability	56.7	54.2	66.6	56.7
Dealing with regulations	**82.1**	**74.7**	62.0	**72.9**
Customs clearance efficiency	43.6	47.5	47.1	46.8
Connect				
State of cluster development				63.9
Extent of marketing				52.6
Local supplier quality				55.7
University-industry collaboration in R&D				35.6
Change				
Access to finance	45.2	50.6	58.7	50.4
Access to educated workforce	64.3	61.3	49.5	58.8
Business licensing and permits	64.3	57.7	50.0	57.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**12.3**
Ease of trading across borders	51.8
Applied tariff, trade-weighted average	31.7
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**69.2**
Logistics performance index	56.6
ISO 9001 quality certificates	63.6
ISO 14001 environmental certificates	66.1
Governance index	39.0
Connect	
ICT access	40.1
ICT use	33.1
Government's online service	**75.6**
Change	
Ease of getting credit	36.9
Interest rate spread	53.3
School life expectancy	43.0
Ease of starting a business	57.6
Patent applications	-
Trademark registrations	**17.7**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Benin

Key indicators

Population (millions)	11.4
GDP ($ billions)	10.5
GDP per capita ($)	923.3
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-10.6
Tariff preference margin (percentage points)	4.5
Imports and exports (goods and services), share of GDP (%)	50.4
Services exports, share of total exports (%)	46.3
Geographic region	Africa
Country group	LDC
Income group	Low income

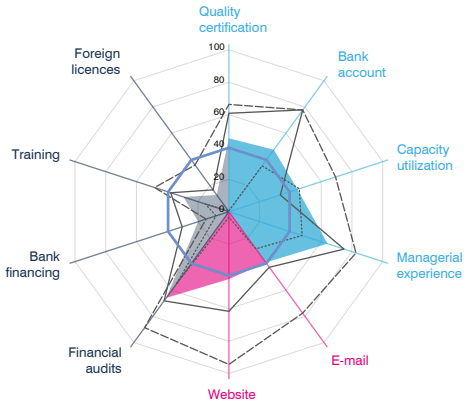
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.1	**15.9**	19.8
	Medium	**61.7**	52.0	38.0
	Large	**74.0**	**86.0**	46.8
	All	50.4	40.2	32.0
BUSINESS ECOSYSTEM		44.0	49.3	49.5
NATIONAL ENVIRONMENT		46.8	26.0	59.1
Reference level (a function of GDP per capita): 39.5				
Weaknesses are scores below: 19.7			**Strengths are scores above: 59.2**	

SME Competitiveness Grid

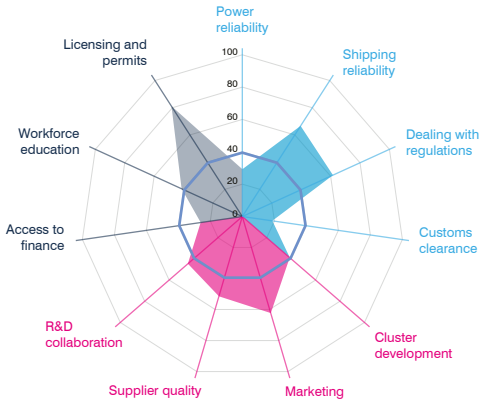
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**0.0**	**60.8**	**66.3**	45.4
Bank account	35.0	**77.8**	**77.8**	47.3
Capacity utilization	45.7	33.4	**69.4**	44.6
Managerial experience	47.6	**74.9**	**82.6**	**64.1**
Connect				
E-mail	28.4	42.5	**77.5**	38.8
Firm website	**3.5**	**61.6**	**94.4**	41.7
Change				
Audited financial statement	55.5	**68.1**	**88.6**	**65.8**
Investment financed by banks	**8.3**	30.3	**14.8**	19.9
Formal training programme	**15.3**	37.1	48.3	29.5
Foreign technology licences	**0.0**	**16.6**	35.6	**12.8**



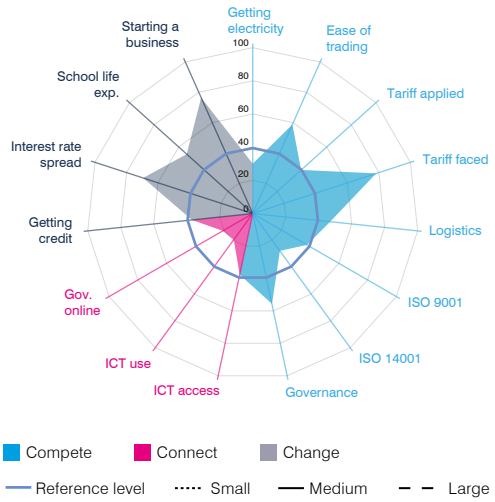
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	35.6	24.2	26.5	29.2
Domestic shipping reliability	**100.0**	**71.3**	32.7	**66.6**
Dealing with regulations	**59.3**	**66.8**	58.2	**61.6**
Customs clearance efficiency	-	-	33.5	**18.7**
Connect				
State of cluster development				38.8
Extent of marketing				**62.3**
Local supplier quality				51.5
University-industry collaboration in R&D				44.6
Change				
Access to finance	**17.1**	45.8	24.0	26.1
Access to educated workforce	35.5	**66.7**	25.8	41.3
Business licensing and permits	**96.8**	**83.8**	56.8	**81.1**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	30.1
Ease of trading across borders	58.8
Applied tariff, trade-weighted average	39.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**78.3**
Logistics performance index	47.0
ISO 9001 quality certificates	37.8
ISO 14001 environmental certificates	27.9
Governance index	55.7
Connect	
ICT access	37.7
ICT use	**19.5**
Government's online service	20.8
Change	
Ease of getting credit	36.9
Interest rate spread	**69.5**
School life expectancy	53.5
Ease of starting a business	**76.5**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Bhutan

Key indicators

Population (millions)	0.8
GDP ($ billions)	2.6
GDP per capita ($)	3211.3
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-22.8
Tariff preference margin (percentage points)	6.6
Imports and exports (goods and services), share of GDP (%)	44.9
Services exports, share of total exports (%)	40.0
Geographic region	Asia
Country group	LDC, LLDC
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.1	29.4	33.8
	Medium	42.6	59.0	61.5
	Large	57.4	**84.3**	**81.2**
	All	37.6	37.2	45.0
BUSINESS ECOSYSTEM		38.4	51.9	60.0
NATIONAL ENVIRONMENT		40.2	45.4	44.2

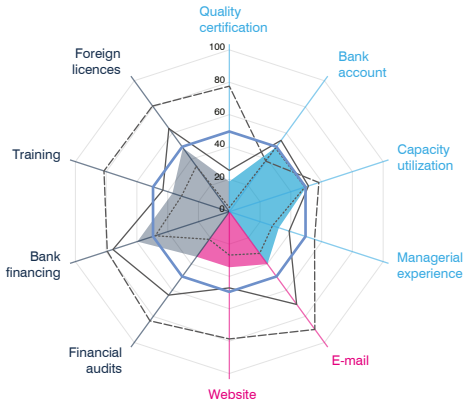
Reference level (a function of GDP per capita): 49.6

Weaknesses are scores below: 24.8 | **Strengths are scores above: 74.3**

SME Competitiveness Grid

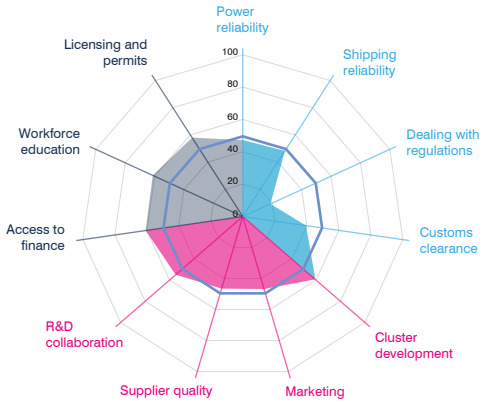
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**2.6**	25.5	**77.6**	**18.6**
Bank account	48.6	54.4	38.6	49.4
Capacity utilization	49.1	51.5	58.2	50.3
Managerial experience	28.0	38.9	55.4	32.2
Connect				
E-mail	31.9	70.9	**89.9**	40.1
Firm website	26.8	47.1	**78.6**	34.4
Change				
Audited financial statement	**21.2**	63.8	**83.4**	34.5
Investment financed by banks	48.1	**75.6**	**79.3**	59.7
Formal training programme	31.1	43.2	**81.4**	36.9
Foreign technology licences	34.8	63.5	**80.7**	48.7



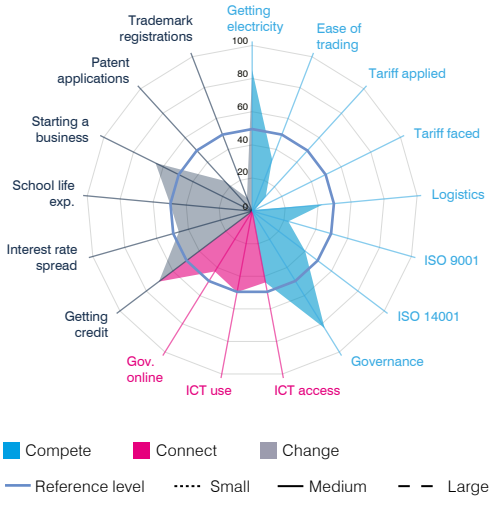
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	47.3	46.3	58.6	47.3
Domestic shipping reliability	43.5	62.8	-	48.2
Dealing with regulations	**21.5**	**12.4**	**17.7**	**18.8**
Customs clearance efficiency	-	68.8	-	39.5
Connect				
State of cluster development				59.4
Extent of marketing				46.8
Local supplier quality				46.5
University-industry collaboration in R&D				55.0
Change				
Access to finance	59.2	61.3	**84.3**	60.7
Access to educated workforce	60.7	60.9	**74.8**	61.3
Business licensing and permits	57.1	56.0	**100.0**	58.0



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**85.2**
Ease of trading across borders	33.5
Applied tariff, trade-weighted average	**12.2**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**1.9**
Logistics performance index	42.7
ISO 9001 quality certificates	**22.7**
ISO 14001 environmental certificates	40.2
Governance index	**83.1**
Connect	
ICT access	43.7
ICT use	49.7
Government's online service	42.8
Change	
Ease of getting credit	70.6
Interest rate spread	46.0
School life expectancy	49.8
Ease of starting a business	65.2
Patent applications	24.8
Trademark registrations	**8.6**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Technical Annex.

Bolivia

Key indicators

Population (millions)	11.2
GDP ($ billions)	41.8
GDP per capita ($)	3719.2
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-5.3
Tariff preference margin (percentage points)	2.1
Imports and exports (goods and services), share of GDP (%)	57.4
Services exports, share of total exports (%)	14.8
Geographic region	Americas
Country group	LLCD
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.0 ↓	40.9 ↓	60.0 ↑
	Medium	59.8 ↑	66.9 ↓	**81.8** ↑
	Large	62.4 ↓	**82.7** ↑	**88.9** ↑
	All	43.2 ↓	47.3 ↓	67.2 ↑
BUSINESS ECOSYSTEM		40.4 ↑	38.2 ↑	46.8 ↑
NATIONAL ENVIRONMENT		50.2 ↑	52.6 ↓	32.9 ↓

Reference level (a function of GDP per capita): 50.6

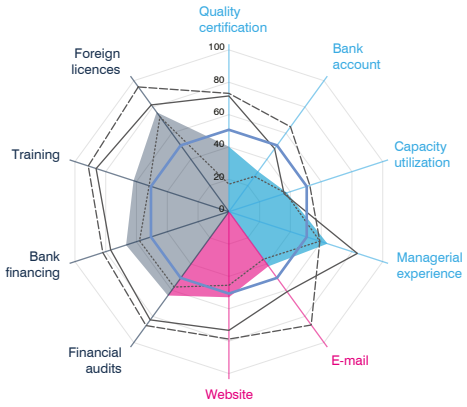
Weaknesses are scores below: 25.3 | **Strengths are scores above: 75.9**

↑ Scores that increased = Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

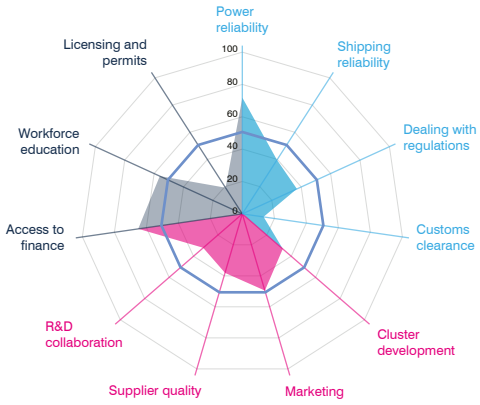
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**17.0** ↓	71.5 ↑	73.1 ↓	40.2 ↓
Bank account	27.0 ↓	48.1 ↓	64.9 ↓	30.7 ↓
Capacity utilization	37.0 ↑	35.9 ↑	52.6 ↑	37.8 ↑
Managerial experience	59.1 ↓	**83.5** ↑	59.1 ↓	64.1 ↓
Connect				
E-mail	36.3 ↓	60.6 ↓	**86.6** ↑	41.7 ↓
Firm website	45.4 ↓	73.3 ↓	**78.7** ↓	52.9 ↓
Change				
Audited financial statement	57.6 ↓	**82.7** ↓	**87.1** ↓	64.1 ↓
Investment financed by banks	58.0 ↑	**76.7** ↑	**81.9** ↑	66.8 ↑
Formal training programme	51.8 ↑	**86.3** ↓	**91.4** ↑	61.9 ↓
Foreign technology licences	72.4 ↑	**81.5** ↑	**95.3** ↑	**76.0** ↑



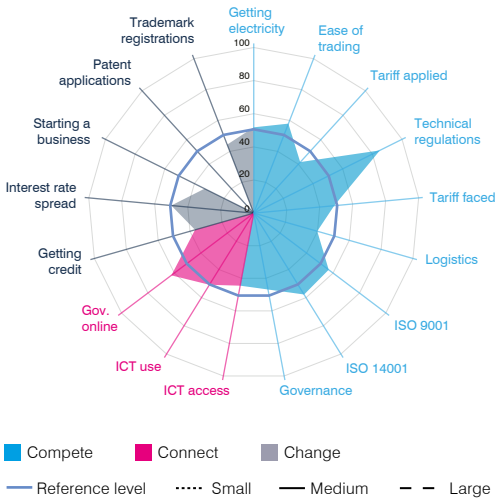
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	70.2 ↑	75.5 ↑	73.6 ↑	71.8 ↑
Domestic shipping reliability	37.4 ↓	62.8 ↑	56.7 ↓	39.6 ↓
Dealing with regulations	38.4 ↑	37.4 ↑	**22.3** ↓	37.1 ↑
Customs clearance efficiency	-	-	**10.9** ↓	**13.3** ↓
Connect				
State of cluster development				33.1 ↓
Extent of marketing				49.5 ↑
Local supplier quality				38.1 ↑
University-industry collaboration in R&D				32.1 ↑
Change				
Access to finance	64.2 ↑	63.8 ↑	**87.5** ↑	65.1 ↑
Access to educated workforce	61.1 ↑	48.1 ↑	28.9 ↓	56.1 ↑
Business licensing and permits	**17.6** ↓	28.3 ↓	**13.2** ↓	**19.2** ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	51.8 ↑
Ease of trading across borders	58.0 ↑
Applied tariff, trade-weighted average	41.7 ↓
Prevalence of technical regulations	**85.1** -
Faced tariff, trade-weighted average	48.8 ↓
Logistics performance index	39.9 ↓
ISO 9001 quality certificates	56.7 ↑
ISO 14001 environmental certificates	57.8 ↑
Governance index	46.9 ↑
Connect	
ICT access	44.6 ↓
ICT use	50.8 ↓
Government's online service	62.3 ↓
Change	
Ease of getting credit	36.9 =
Interest rate spread	50.0 ↑
School life expectancy	- -
Ease of starting a business	33.2 ↑
Patent applications	**0.0** -
Trademark registrations	44.3 ↑



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Bosnia and Herzegovina

Key indicators

Population (millions)	3.5
GDP ($ billions)	20.0
GDP per capita ($)	5703.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-6.0
Tariff preference margin (percentage points)	9.0
Imports and exports (goods and services), share of GDP (%)	105.8
Services exports, share of total exports (%)	22.5
Geographic region	Europe
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	56.4	71.2	59.6
	Medium	58.1	77.9	70.6
	Large	76.0	**92.8**	**60.5**
	All	58.5	75.2	64.3
BUSINESS ECOSYSTEM		65.0	48.2	67.0
NATIONAL ENVIRONMENT		57.6	54.0	47.7

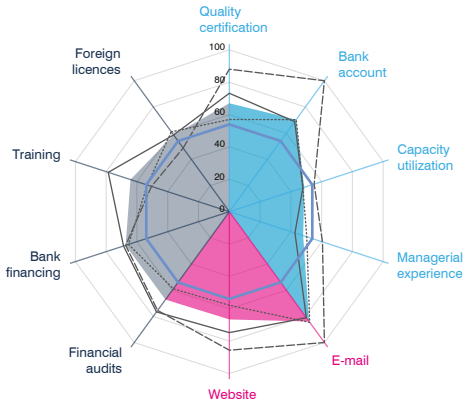
Reference level (a function of GDP per capita): 53.9

Weaknesses are scores below: 27.0 | **Strengths are scores above: 80.9**

SME Competitiveness Grid

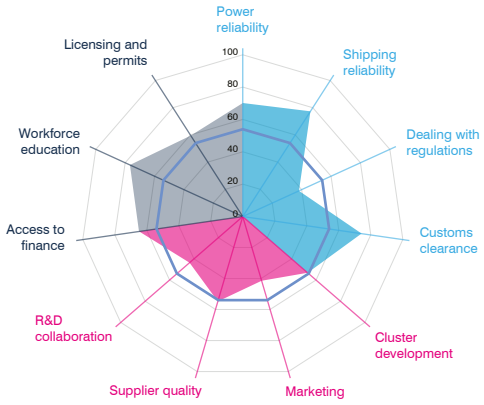
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	57.0	73.2	**88.0**	67.0
Bank account	70.3	68.8	**100.0**	70.3
Capacity utilization	47.8	47.8	55.2	48.8
Managerial experience	50.4	42.7	60.6	48.0
Connect				
E-mail	**84.6**	**81.0**	**100.0**	**83.9**
Firm website	57.9	74.7	**85.6**	66.6
Change				
Audited financial statement	58.9	76.5	75.4	67.2
Investment financed by banks	65.5	68.7	67.3	67.3
Formal training programme	53.2	78.7	50.6	64.2
Foreign technology licences	61.0	58.6	48.6	58.6



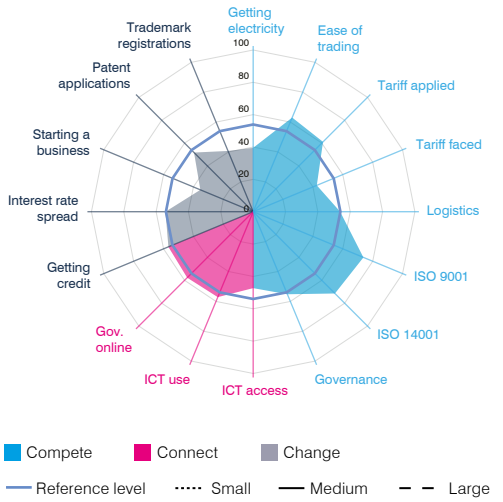
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	71.8	75.5	43.6	70.2
Domestic shipping reliability	71.3	**85.7**	**100.0**	77.3
Dealing with regulations	41.3	33.8	43.3	38.2
Customs clearance efficiency	75.4	72.7	78.8	74.2
Connect				
State of cluster development				53.2
Extent of marketing				41.4
Local supplier quality				54.8
University-industry collaboration in R&D				43.6
Change				
Access to finance	65.8	68.2	41.4	64.9
Access to educated workforce	**83.3**	73.1	56.1	76.8
Business licensing and permits	58.0	61.3	61.3	59.5



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	39.5
Ease of trading across borders	63.0
Applied tariff, trade-weighted average	61.1
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	42.6
Logistics performance index	53.8
ISO 9001 quality certificates	73.8
ISO 14001 environmental certificates	71.5
Governance index	55.2
Connect	
ICT access	47.3
ICT use	57.2
Government's online service	57.7
Change	
Ease of getting credit	56.7
Interest rate spread	54.2
School life expectancy	-
Ease of starting a business	35.4
Patent applications	51.7
Trademark registrations	40.7



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Botswana

Key indicators

Population (millions)	2.3
GDP ($ billions)	19.1
GDP per capita ($)	8168.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	8.7
Tariff preference margin (percentage points)	0.9
Imports and exports (goods and services), share of GDP (%)	76.6
Services exports, share of total exports (%)	19.1
Geographic region	Africa
Country group	LLDC
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	60.0	37.7	55.5
	Medium	62.9	59.9	70.7
	Large	73.2	77.6	77.6
	All	62.4	47.1	64.3
BUSINESS ECOSYSTEM		49.6	49.6	34.1
NATIONAL ENVIRONMENT		55.9	45.7	43.7

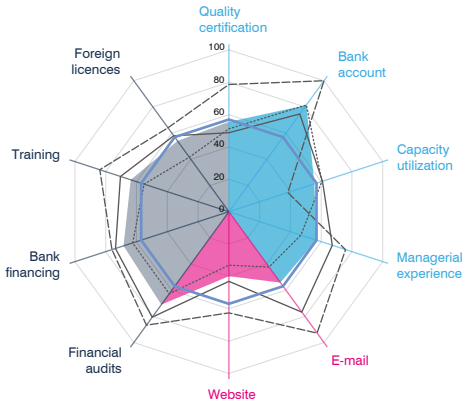
Reference level (a function of GDP per capita): 57.0

Weaknesses are scores below: 28.5 | **Strengths are scores above: 85.4**

SME Competitiveness Grid

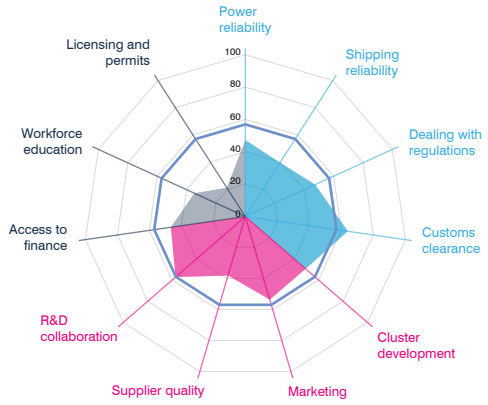
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	51.2	48.8	78.6	55.5
Bank account	81.4	74.6	**100.0**	81.4
Capacity utilization	60.5	60.9	38.4	55.6
Managerial experience	46.8	67.2	75.8	56.9
Connect				
E-mail	42.3	76.7	**92.7**	54.2
Firm website	33.1	43.1	62.5	39.9
Change				
Audited financial statement	62.7	80.6	**86.6**	71.0
Investment financed by banks	62.5	73.6	76.0	68.4
Formal training programme	55.0	70.4	83.8	63.8
Foreign technology licences	41.7	58.0	64.1	54.0



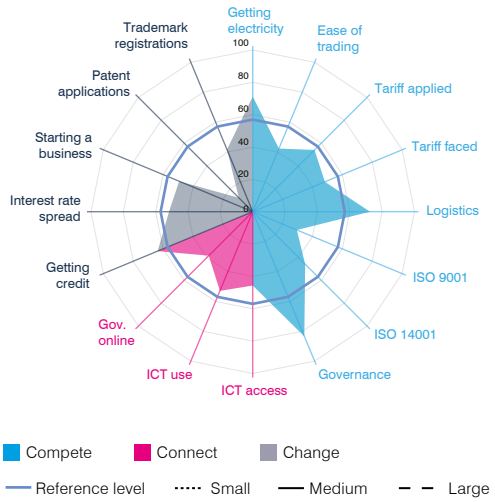
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	45.3	47.3	56.1	47.3
Domestic shipping reliability	38.5	39.6	44.9	39.6
Dealing with regulations	49.1	48.3	39.9	47.5
Customs clearance efficiency	-	**86.4**	55.1	64.1
Connect				
State of cluster development				49.4
Extent of marketing				53.6
Local supplier quality				38.1
University-industry collaboration in R&D				57.2
Change				
Access to finance	37.3	60.0	67.0	46.6
Access to educated workforce	34.6	38.1	**27.4**	34.6
Business licensing and permits	**20.1**	**20.0**	30.0	**21.2**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	71.3
Ease of trading across borders	42.3
Applied tariff, trade-weighted average	54.0
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	48.3
Logistics performance index	72.5
ISO 9001 quality certificates	29.5
ISO 14001 environmental certificates	45.9
Governance index	83.4
Connect	
ICT access	45.6
ICT use	53.0
Government's online service	38.5
Change	
Ease of getting credit	63.6
Interest rate spread	51.8
School life expectancy	-
Ease of starting a business	49.2
Patent applications	**12.2**
Trademark registrations	41.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Technical Annex.

Bulgaria

Key indicators

Population (millions)	7.0
GDP ($ billions)	63.7
GDP per capita ($)	9080.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	2.4
Tariff preference margin (percentage points)	2.3
Imports and exports (goods and services), share of GDP (%)	137.5
Services exports, share of total exports (%)	22.4
Geographic region	Europe
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	55.9	52.2	36.6
	Medium	71.5	86.1	60.0
	Large	83.8	**96.2**	62.7
	All	62.7	61.2	48.0
BUSINESS ECOSYSTEM		68.4	58.3	55.8
NATIONAL ENVIRONMENT		71.4	60.9	70.7
Reference level (a function of GDP per capita): 57.5				
Weaknesses are scores below: 28.7		**Strengths are scores above: 86.2**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

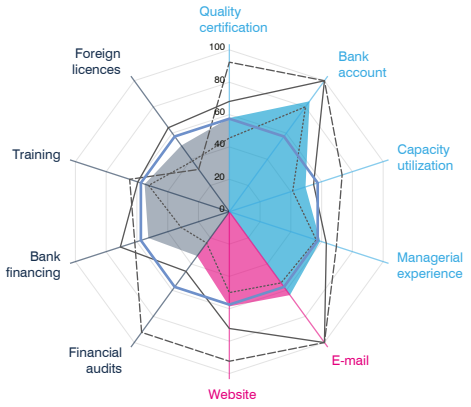
Compete	Small	Medium	Large	All
International quality certificate	45.5	68.2	**92.4**	57.9
Bank account	80.1	**100.0**	**100.0**	84.3
Capacity utilization	41.3	54.8	73.3	49.5
Managerial experience	56.5	63.1	69.6	59.1
Connect				
E-mail	54.4	**100.0**	**100.0**	63.8
Firm website	50.0	72.2	**92.4**	58.5
Change				
Audited financial statement	**23.9**	45.6	**92.3**	33.9
Investment financed by banks	31.3	70.8	61.4	52.7
Formal training programme	52.4	59.4	64.8	55.0
Foreign technology licences	38.6	64.2	32.2	50.5

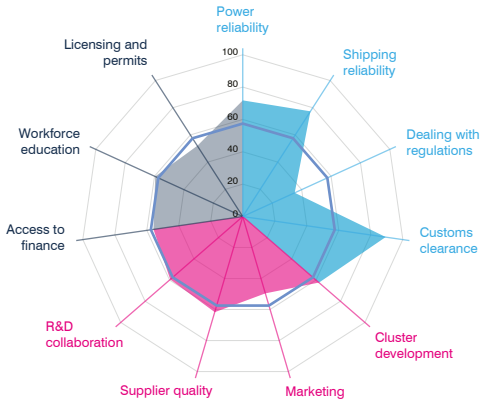
BUSINESS ECOSYSTEM (Normalized scores)

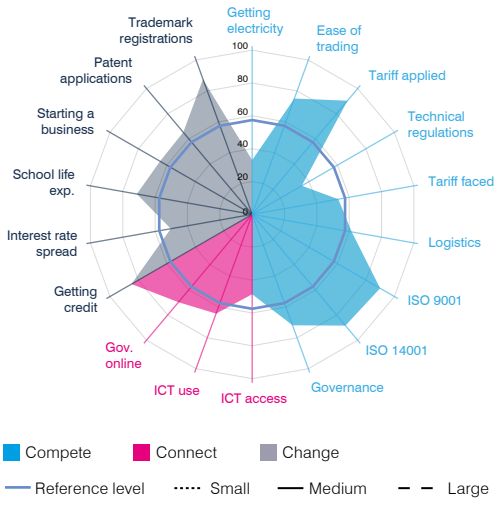
Compete	Small	Medium	Large	All
Power reliability	77.7	61.4	62.4	71.8
Domestic shipping reliability	77.3	77.3	**100.0**	77.3
Dealing with regulations	34.1	38.4	38.7	35.3
Customs clearance efficiency	-	**88.7**	**88.1**	**89.3**
Connect				
State of cluster development				62.4
Extent of marketing				49.6
Local supplier quality				61.7
University-industry collaboration in R&D				59.4
Change				
Access to finance	50.4	76.5	49.0	55.8
Access to educated workforce	59.4	54.6	84.7	59.6
Business licensing and permits	50.2	50.5	**89.8**	52.0

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	33.1
Ease of trading across borders	75.1
Applied tariff, trade-weighted average	**94.0**
Prevalence of technical regulations	35.4
Faced tariff, trade-weighted average	53.3
Logistics performance index	62.5
ISO 9001 quality certificates	**90.6**
ISO 14001 environmental certificates	**89.8**
Governance index	72.7
Connect	
ICT access	48.6
ICT use	64.3
Government's online service	69.8
Change	
Ease of getting credit	85.0
Interest rate spread	50.3
School life expectancy	71.3
Ease of starting a business	64.7
Patent applications	65.3
Trademark registrations	**87.5**







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Burundi

Key indicators

Population (millions)	11.2
GDP ($ billions)	3.4
GDP per capita ($)	307.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-13.4
Tariff preference margin (percentage points)	1.1
Imports and exports (goods and services), share of GDP (%)	32.0
Services exports, share of total exports (%)	37.2
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

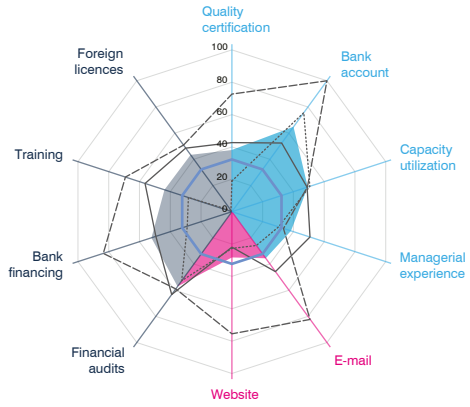
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	43.9	24.3	27.5
	Medium	**48.7**	33.9	**54.4**
	Large	**63.8**	**78.9**	**65.6**
	All	47.7	32.0	**49.2**
BUSINESS ECOSYSTEM		45.7	38.8	**58.0**
NATIONAL ENVIRONMENT		35.2	23.2	**49.8**
Reference level (a function of GDP per capita): 32.3				
Weaknesses are scores below: 16.1			**Strengths are scores above: 48.4**	

SME Competitiveness Grid

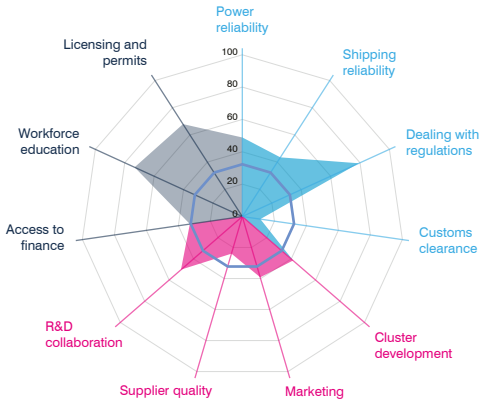
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	19.0	42.7	**72.7**	38.1
Bank account	**75.6**	**52.4**	**100.0**	**64.9**
Capacity utilization	**50.7**	**48.9**	**49.1**	**49.3**
Managerial experience	30.4	**50.8**	33.6	38.4
Connect				
E-mail	25.8	45.8	**82.3**	35.6
Firm website	22.7	21.9	**75.5**	28.3
Change				
Audited financial statement	**52.8**	**63.3**	**59.0**	**57.1**
Investment financed by banks	28.9	**49.4**	**83.5**	**52.3**
Formal training programme	28.3	**56.4**	**69.1**	43.8
Foreign technology licences	**0.0**	**48.6**	**50.9**	43.4



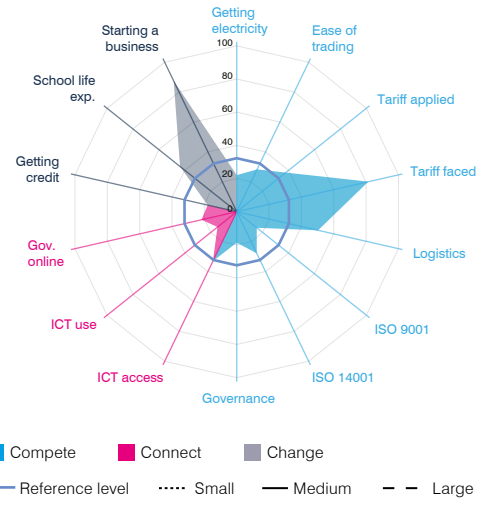
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**53.1**	46.8	37.1	**48.9**
Domestic shipping reliability	**100.0**	36.3	-	43.5
Dealing with regulations	**83.6**	**79.2**	**60.8**	**79.2**
Customs clearance efficiency	-	**6.8**	-	**11.2**
Connect				
State of cluster development				41.5
Extent of marketing				39.2
Local supplier quality				24.0
University-industry collaboration in R&D				**50.3**
Change				
Access to finance	37.3	23.4	48.3	32.8
Access to educated workforce	**71.6**	**71.0**	**94.4**	**73.3**
Business licensing and permits	**67.2**	**63.0**	**100.0**	**67.9**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	22.1
Ease of trading across borders	28.3
Applied tariff, trade-weighted average	37.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**81.4**
Logistics performance index	**50.3**
ISO 9001 quality certificates	**15.5**
ISO 14001 environmental certificates	27.9
Governance index	18.6
Connect	
ICT access	33.0
ICT use	**14.8**
Government's online service	21.8
Change	
Ease of getting credit	18.0
Interest rate spread	-
School life expectancy	43.7
Ease of starting a business	**87.6**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Technical Annex.

Cambodia

Key indicators

Population (millions)	16.3
GDP ($ billions)	24.1
GDP per capita ($)	1485.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-10.8
Tariff preference margin (percentage points)	7.7
Imports and exports (goods and services), share of GDP (%)	191.7
Services exports, share of total exports (%)	21.4
Geographic region	Asia
Country group	LDC
Income group	Lower-middle income

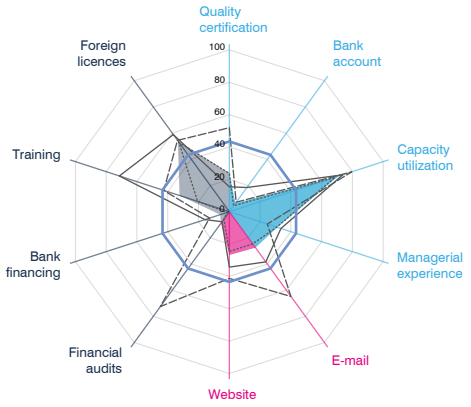
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	31.9	24.6	**20.2**
	Medium	35.3	36.3	38.4
	Large	40.8	53.0	45.6
	All	33.1	27.1	25.2
BUSINESS ECOSYSTEM		46.6	54.3	55.8
NATIONAL ENVIRONMENT		57.3	32.2	40.8
Reference level (a function of GDP per capita): 43.4				
Weaknesses are scores below: 21.7		**Strengths are scores above: 65.1**		

SME Competitiveness Grid

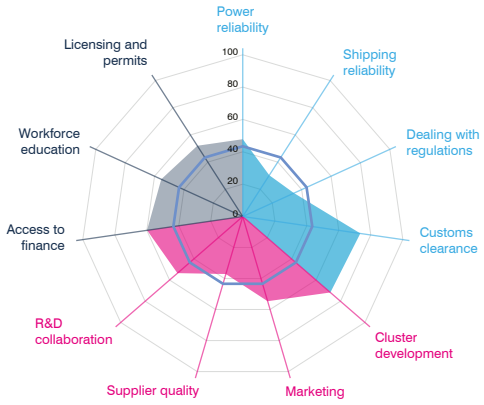
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	23.6	**15.4**	51.9	23.9
Bank account	**4.6**	**18.5**	**7.2**	**6.4**
Capacity utilization	**68.7**	**73.8**	**79.5**	**70.9**
Managerial experience	30.8	33.6	24.7	31.3
Connect				
E-mail	24.6	38.4	64.8	27.5
Firm website	24.6	34.3	41.2	26.8
Change				
Audited financial statement	**5.6**	**7.7**	**72.5**	**8.7**
Investment financed by banks	**1.4**	**15.8**	**12.7**	**6.0**
Formal training programme	**20.6**	**71.4**	42.6	32.3
Foreign technology licences	53.0	58.8	54.5	54.0



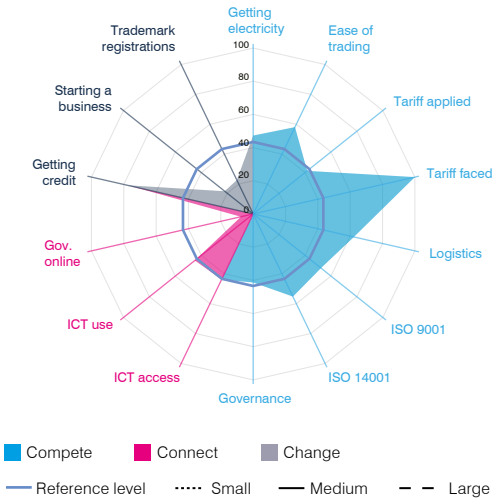
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	47.3	48.3	53.8	47.8
Domestic shipping reliability	29.5	34.4	31.8	30.3
Dealing with regulations	36.0	25.9	59.0	34.8
Customs clearance efficiency	-	-	**76.2**	**73.4**
Connect				
State of cluster development				**71.7**
Extent of marketing				54.6
Local supplier quality				37.1
University-industry collaboration in R&D				53.6
Change				
Access to finance	**66.6**	33.9	**68.2**	59.9
Access to educated workforce	**65.9**	26.0	28.7	55.4
Business licensing and permits	52.2	61.0	22.6	52.0



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	47.2
Ease of trading across borders	58.1
Applied tariff, trade-weighted average	41.7
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**100.0**
Logistics performance index	62.2
ISO 9001 quality certificates	52.3
ISO 14001 environmental certificates	55.3
Governance index	41.3
Connect	
ICT access	43.9
ICT use	45.0
Government's online service	**7.6**
Change	
Ease of getting credit	**77.7**
Interest rate spread	-
School life expectancy	-
Ease of starting a business	22.0
Patent applications	-
Trademark registrations	22.7



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Cameroon

Key indicators

Population (millions)	24.9
GDP ($ billions)	38.4
GDP per capita ($)	1545.0
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-3.2
Tariff preference margin (percentage points)	3.0
Imports and exports (goods and services), share of GDP (%)	33.5
Services exports, share of total exports (%)	43.7
Geographic region	Africa
Country group	
Income group	Lower-middle income

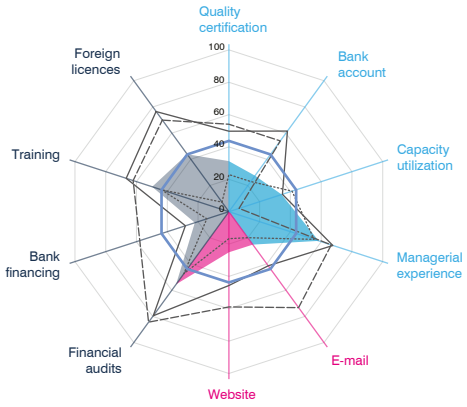
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.6	**18.3**	28.2
	Medium	53.4	43.5	62.7
	Large	45.3	**66.1**	**68.6**
	All	37.9	25.1	42.8
BUSINESS ECOSYSTEM		34.0	52.3	37.0
NATIONAL ENVIRONMENT		43.3	33.0	48.5
Reference level (a function of GDP per capita): 43.7				
Weaknesses are scores below: 21.9			**Strengths are scores above: 65.6**	

SME Competitiveness Grid

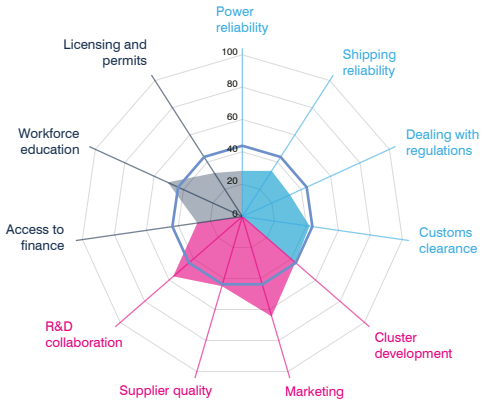
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	22.9	49.7	54.1	31.2
Bank account	23.0	61.6	54.1	27.5
Capacity utilization	41.1	34.8	**6.6**	34.3
Managerial experience	55.4	**67.6**	**66.6**	58.4
Connect				
E-mail	**19.8**	41.4	**73.3**	25.2
Firm website	**16.7**	45.6	58.8	25.1
Change				
Audited financial statement	47.3	**79.5**	**84.4**	55.5
Investment financed by banks	**14.3**	28.2	57.9	22.1
Formal training programme	43.9	**66.7**	62.2	49.8
Foreign technology licences	**7.3**	**76.5**	**69.9**	43.8



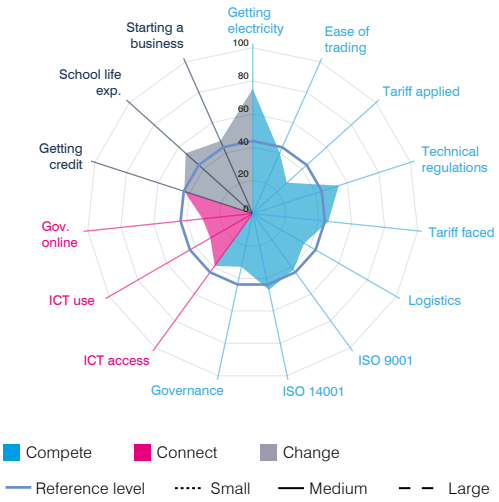
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	25.4	39.4	36.2	28.2
Domestic shipping reliability	37.4	27.4	26.8	33.5
Dealing with regulations	32.4	41.3	**15.9**	32.4
Customs clearance efficiency	-	-	26.2	42.0
Connect				
State of cluster development				43.3
Extent of marketing				64.5
Local supplier quality				44.9
University-industry collaboration in R&D				56.6
Change				
Access to finance	24.7	46.3	22.0	28.2
Access to educated workforce	53.1	46.7	40.1	50.8
Business licensing and permits	26.8	48.6	61.3	32.0



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**75.3**
Ease of trading across borders	40.1
Applied tariff, trade-weighted average	27.8
Prevalence of technical regulations	54.5
Faced tariff, trade-weighted average	45.8
Logistics performance index	35.9
ISO 9001 quality certificates	41.9
ISO 14001 environmental certificates	47.1
Governance index	32.9
Connect	
ICT access	39.0
ICT use	29.6
Government's online service	30.3
Change	
Ease of getting credit	43.4
Interest rate spread	-
School life expectancy	54.4
Ease of starting a business	47.9
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Chad

Key indicators

Population (millions)	12.5
GDP ($ billions)	11.1
GDP per capita ($)	889.6
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-4.2
Tariff preference margin (percentage points)	0.3
Imports and exports (goods and services), share of GDP (%)	59.0
Services exports, share of total exports (%)	13.2
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	25.9 ↓	7.0 ↓	26.4 ↓
	Medium	36.9 ↓	20.9 ↓	50.6 ↓
	Large	59.4 ↓	55.2 ↑	33.8 ↓
	All	29.3 ↓	9.3 ↓	29.6 ↓
BUSINESS ECOSYSTEM		31.7 ↓	28.5 ↑	47.8 ↑
NATIONAL ENVIRONMENT		30.7 ↑	22.2 ↑	27.2 ↑

Reference level (a function of GDP per capita): 39.3

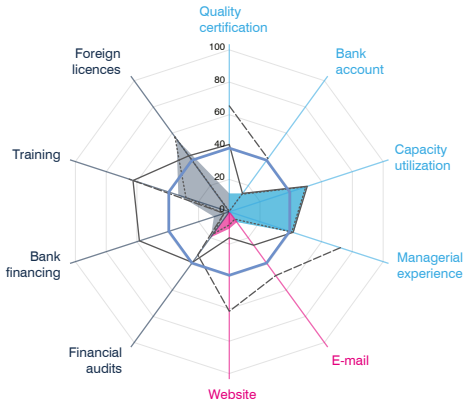
Weaknesses are scores below: 19.6 | **Strengths are scores above: 58.9**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

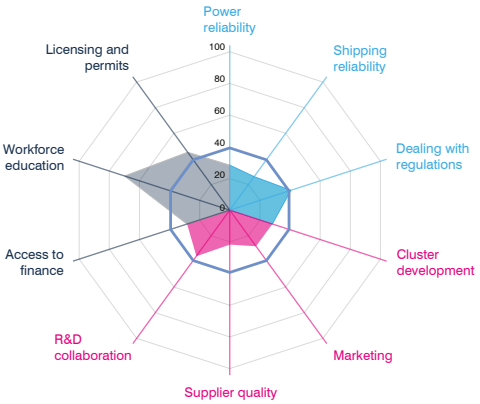
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	0.0 ↓	41.5 ↓	65.4 ↓	11.3 ↓
Bank account	13.4 ↓	13.9 ↓	40.6 ↓	13.9 ↓
Capacity utilization	49.7 -	50.7 -	- -	50.3 -
Managerial experience	40.6 ↑	41.4 ↓	72.3 ↑	41.9 ↑
Connect				
E-mail	5.8 ↓	25.6 ↓	48.8 ↓	8.0 ↓
Firm website	8.2 ↓	16.1 ↓	61.6 ↑	10.6 ↓
Change				
Audited financial statement	17.1 ↓	38.8 ↓	33.0 ↓	19.6 ↓
Investment financed by banks	3.4 ↓	58.4 ↑	3.4 ↓	10.0 ↓
Formal training programme	28.1 ↓	62.6 ↓	65.0 ↓	33.2 ↓
Foreign technology licences	57.2 ↑	42.6 ↓	- -	55.5 ↑



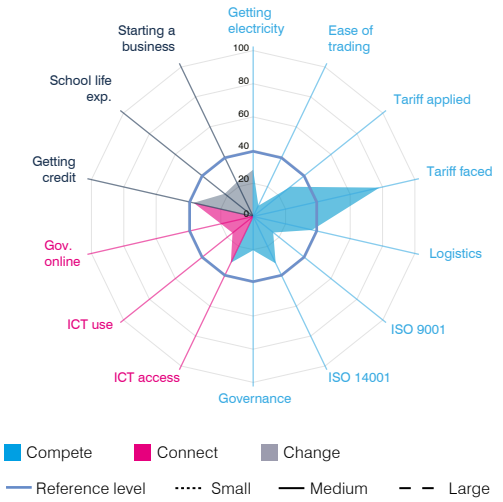
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	29.0 ↓	22.2 ↓	29.0 ↓	28.4 ↓
Domestic shipping reliability	25.5 -	30.3 -	- -	26.2 -
Dealing with regulations	41.5 ↑	38.7 ↑	24.7 ↓	40.5 ↑
Customs clearance efficiency	- -	- -	- -	- -
Connect				
State of cluster development				28.2 ↑
Extent of marketing				28.1 ↑
Local supplier quality				21.7 ↓
University-industry collaboration in R&D				35.9 ↑
Change				
Access to finance	25.1 ↑	63.4 ↑	46.3 ↑	28.4 ↑
Access to educated workforce	71.2 ↑	85.3 ↑	23.3 ↑	69.8 ↑
Business licensing and permits	44.4 ↑	82.7 ↑	15.5 ↓	45.2 ↑



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	28.2 →
Ease of trading across borders	7.2 ↓
Applied tariff, trade-weighted average	28.8 ↓
Prevalence of technical regulations	- -
Faced tariff, trade-weighted average	78.1 ↑
Logistics performance index	36.4 ↑
ISO 9001 quality certificates	15.5 ↑
ISO 14001 environmental certificates	31.4 ↑
Governance index	20.3 ↑
Connect	
ICT access	30.9 ↓
ICT use	15.9 ↑
Government's online service	19.8 ↑
Change	
Ease of getting credit	36.9 ↑
Interest rate spread	- -
School life expectancy	22.0 ↑
Ease of starting a business	22.8 ↑
Patent applications	- -
Trademark registrations	- -



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2009 and 2018) for firm level data; for other sources and methodology see Technical Annex.

Chile

Key indicators

Population (millions)	18.6
GDP ($ billions)	299.9
GDP per capita ($)	16143.4
Share of world GDP (PPP$, %)	0.4
Current account surplus/deficit, share of GDP (%)	-2.5
Tariff preference margin (percentage points)	2.8
Imports and exports (goods and services), share of GDP (%)	56.9
Services exports, share of total exports (%)	12.9
Geographic region	Americas
Country group	OECD
Income group	High income

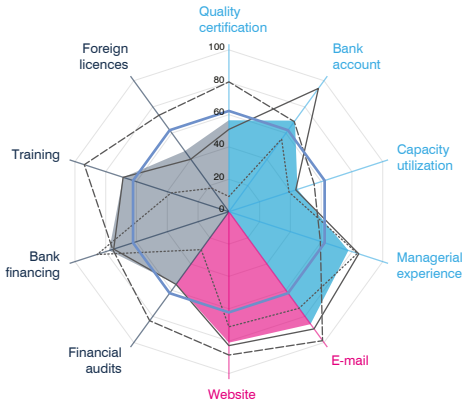
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	46.9	72.5	42.5
	Medium	68.2	86.2	59.8
	Large	66.0	**93.6**	81.6
	All	62.1	83.4	62.1
BUSINESS ECOSYSTEM		52.6	69.3	48.8
NATIONAL ENVIRONMENT		84.0	66.5	71.3
Reference level (a function of GDP per capita): 62.2				
Weaknesses are scores below: 31.1			**Strengths are scores above: 93.4**	

SME Competitiveness Grid

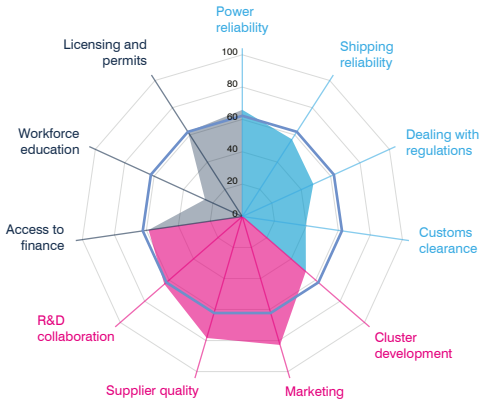
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**9.3**	50.9	80.2	56.5
Bank account	55.5	**94.2**	68.8	69.6
Capacity utilization	39.1	43.5	55.4	44.6
Managerial experience	83.5	84.4	59.5	77.7
Connect				
E-mail	73.8	89.6	**98.5**	85.9
Firm website	71.2	82.8	88.6	81.0
Change				
Audited financial statement	**29.1**	55.5	83.3	55.4
Investment financed by banks	85.6	74.8	75.5	77.8
Formal training programme	37.5	68.7	**93.9**	68.7
Foreign technology licences	**18.0**	40.1	73.6	46.3



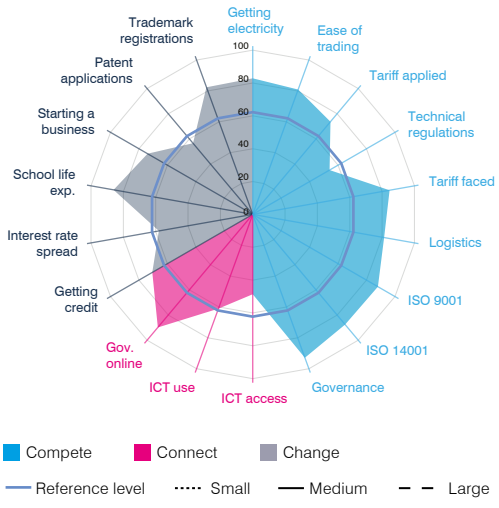
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	51.8	67.3	77.7	65.9
Domestic shipping reliability	56.7	59.5	52.0	56.7
Dealing with regulations	44.2	50.4	50.4	48.3
Customs clearance efficiency	**28.6**	53.1	37.4	39.6
Connect				
State of cluster development				51.9
Extent of marketing				82.8
Local supplier quality				78.4
University-industry collaboration in R&D				63.9
Change				
Access to finance	73.2	47.8	60.9	58.7
Access to educated workforce	**24.8**	**23.1**	**29.6**	**25.4**
Business licensing and permits	67.2	71.0	49.3	62.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	82.9
Ease of trading across borders	80.9
Applied tariff, trade-weighted average	73.7
Prevalence of technical regulations	54.0
Faced tariff, trade-weighted average	84.6
Logistics performance index	81.2
ISO 9001 quality certificates	88.1
ISO 14001 environmental certificates	87.5
Governance index	92.9
Connect	
ICT access	48.6
ICT use	61.0
Government's online service	89.9
Change	
Ease of getting credit	70.6
Interest rate spread	58.0
School life expectancy	86.1
Ease of starting a business	73.9
Patent applications	56.6
Trademark registrations	82.4



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Technical Annex.

Colombia

Key indicators

Population (millions)	49.8
GDP ($ billions)	336.9
GDP per capita ($)	6761.2
Share of world GDP (PPP$, %)	0.6
Current account surplus/deficit, share of GDP (%)	-2.4
Tariff preference margin (percentage points)	2.3
Imports and exports (goods and services), share of GDP (%)	33.2
Services exports, share of total exports (%)	18.3
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete		Connect		Change	
FIRM CAPABILITIES	Small	59.1	↑	**84.4**	↑	50.8	↑
	Medium	64.9	↓	**92.4**	↑	73.3	↑
	Large	**83.6**	↓	**95.9**	↓	72.5	↓
	All	64.5	↑	**87.7**	↑	61.3	↑
BUSINESS ECOSYSTEM		37.3	↓	65.2	↑	32.9	↓
NATIONAL ENVIRONMENT		67.4	↑	64.5	↓	57.6	↑

Reference level (a function of GDP per capita): 55.6

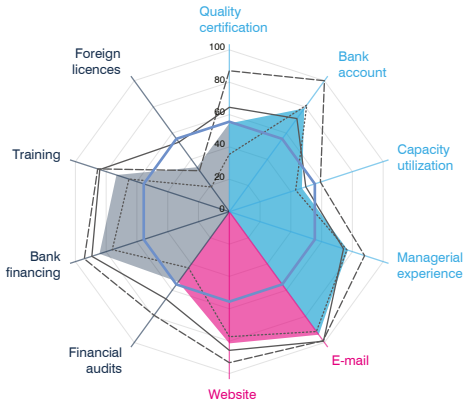
Weaknesses are scores below: 27.8 | **Strengths are scores above: 83.4**

↑ Scores that increased = Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

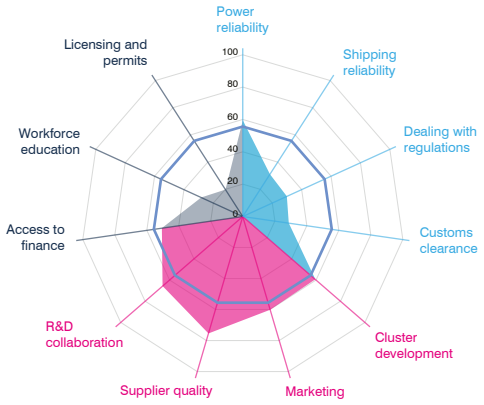
FIRM CAPABILITIES (Normalized scores)

Compete	Small		Medium		Large		All	
International quality certificate	35.4	↓	64.5	↑	**87.1**	↓	54.6	↓
Bank account	81.4	↑	71.1	↓	**100.0**	=	78.9	↑
Capacity utilization	43.1	↑	49.7	↓	59.2	↓	47.2	↑
Managerial experience	76.5	↓	74.2	↓	**87.9**	↑	77.1	↓
Connect								
E-mail	**91.5**	↓	**99.0**	↓	**98.5**	↓	**94.0**	↓
Firm website	77.3	↑	**85.7**	↑	**93.3**	↑	81.4	↑
Change								
Audited financial statement	43.0	↓	66.6	↑	79.1	↓	53.7	↑
Investment financed by banks	76.1	↑	**89.3**	↑	**94.2**	↓	**84.4**	↑
Formal training programme	65.2	↓	**84.1**	↑	**85.5**	↓	73.4	↓
Foreign technology licences	**18.8**	↓	53.0	↓	31.3	↓	33.9	↓



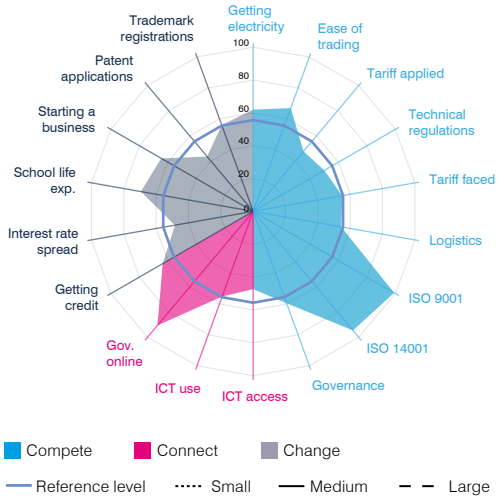
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small		Medium		Large		All	
Power reliability	53.8	↓	70.2	↑	73.6	↓	59.5	↓
Domestic shipping reliability	28.8	↓	36.3	↓	31.0	↓	31.0	↓
Dealing with regulations	29.5	↓	30.6	↓	30.1	↓	30.0	↓
Customs clearance efficiency	34.5	↑	**19.9**	↓	31.5	↑	28.7	↓
Connect								
State of cluster development							59.4	↑
Extent of marketing							60.2	↓
Local supplier quality							75.4	↑
University-industry collaboration in R&D							65.7	↑
Change								
Access to finance	47.8	↑	51.5	↓	68.4	↓	50.6	↑
Access to educated workforce	29.1	↑	**25.0**	↓	34.1	↓	28.3	↑
Business licensing and permits	**21.3**	↓	**14.8**	↓	28.7	↓	**19.8**	↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All	
Getting electricity	62.0	↑
Ease of trading across borders	67.0	↑
Applied tariff, trade-weighted average	47.8	↑
Prevalence of technical regulations	50.0	-
Faced tariff, trade-weighted average	55.1	↑
Logistics performance index	54.5	↑
ISO 9001 quality certificates	**98.8**	↑
ISO 14001 environmental certificates	**94.2**	↑
Governance index	59.5	↑
Connect		
ICT access	47.3	↓
ICT use	55.1	↓
Government's online service	**91.2**	↑
Change		
Ease of getting credit	63.6	=
Interest rate spread	48.4	↓
School life expectancy	69.4	↑
Ease of starting a business	64.7	↑
Patent applications	43.6	↑
Trademark registrations	56.0	↑



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Croatia

Key indicators

Population (millions)	4.1
GDP ($ billions)	60.0
GDP per capita ($)	14637.5
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	2.7
Tariff preference margin (percentage points)	3.9
Imports and exports (goods and services), share of GDP (%)	109.5
Services exports, share of total exports (%)	48.8
Geographic region	Europe
Country group	
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	62.0	72.1	44.9
	Medium	67.8	87.5	55.1
	Large	73.5	**100.0**	68.2
	All	64.6	77.4	49.1
BUSINESS ECOSYSTEM		60.2	49.1	65.2
NATIONAL ENVIRONMENT		76.8	67.3	68.6

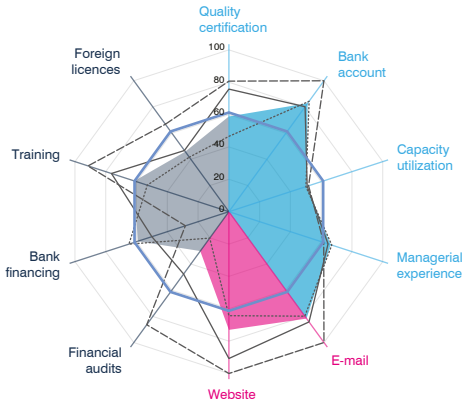
Reference level (a function of GDP per capita): 61.3

Weaknesses are scores below: 30.6 | **Strengths are scores above: 91.9**

SME Competitiveness Grid

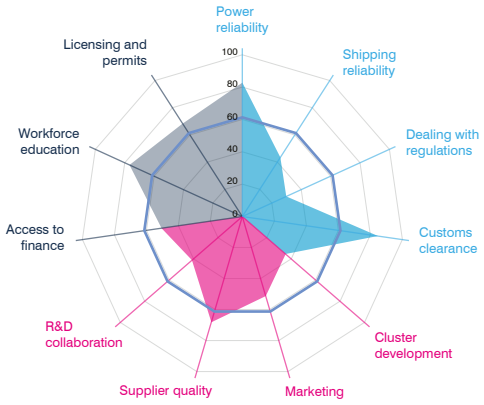
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	46.5	75.8	80.7	58.9
Bank account	84.3	80.1	**100.0**	82.8
Capacity utilization	50.1	50.9	51.8	50.5
Managerial experience	66.9	64.5	61.6	66.2
Connect				
E-mail	79.8	84.2	**100.0**	81.7
Firm website	64.3	90.7	**100.0**	73.0
Change				
Audited financial statement	**20.2**	47.5	86.3	**30.1**
Investment financed by banks	64.9	50.0	**28.2**	59.2
Formal training programme	53.0	76.3	91.6	61.4
Foreign technology licences	41.7	46.7	66.8	45.9



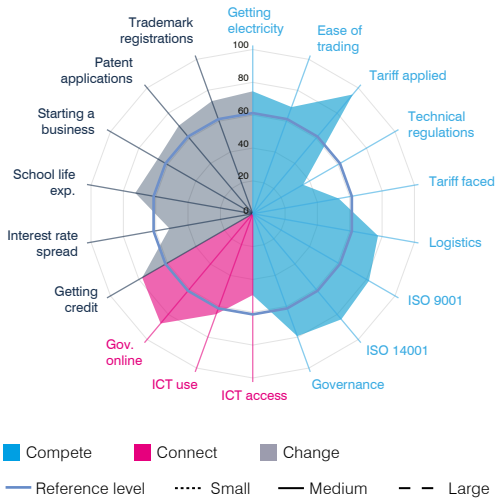
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	85.9	75.5	**94.2**	82.8
Domestic shipping reliability	39.6	50.0	71.3	43.5
Dealing with regulations	31.8	**25.8**	**29.0**	**29.8**
Customs clearance efficiency	86.9	84.2	81.7	84.7
Connect				
State of cluster development				35.5
Extent of marketing				51.3
Local supplier quality				68.2
University-industry collaboration in R&D				41.3
Change				
Access to finance	45.9	63.0	64.7	50.6
Access to educated workforce	83.9	60.1	**97.0**	76.8
Business licensing and permits	65.7	73.1	**93.9**	68.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	74.6
Ease of trading across borders	69.1
Applied tariff, trade-weighted average	**94.9**
Prevalence of technical regulations	35.4
Faced tariff, trade-weighted average	53.3
Logistics performance index	77.5
ISO 9001 quality certificates	81.8
ISO 14001 environmental certificates	84.0
Governance index	79.3
Connect	
ICT access	49.5
ICT use	65.1
Government's online service	87.2
Change	
Ease of getting credit	77.7
Interest rate spread	51.5
School life expectancy	72.6
Ease of starting a business	66.8
Patent applications	70.0
Trademark registrations	73.0



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Côte d'Ivoire

Key indicators

Population (millions)	25.6
GDP ($ billions)	45.9
GDP per capita ($)	1791.4
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-4.6
Tariff preference margin (percentage points)	3.0
Imports and exports (goods and services), share of GDP (%)	75.2
Services exports, share of total exports (%)	7.9
Geographic region	Africa
Country group	
Income group	Lower-middle income

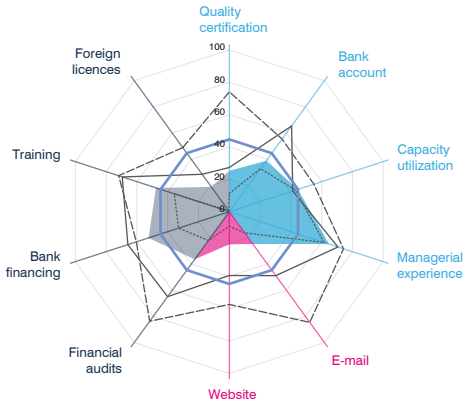
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.2	**12.6**	22.7
	Medium	51.2	44.2	57.2
	Large	64.7	**71.0**	66.2
	All	43.4	22.4	38.8
BUSINESS ECOSYSTEM		38.8	53.8	**21.6**
NATIONAL ENVIRONMENT		47.1	38.1	54.3
Reference level (a function of GDP per capita): 44.7				
Weaknesses are scores below: 22.3		**Strengths are scores above: 67.0**		

SME Competitiveness Grid

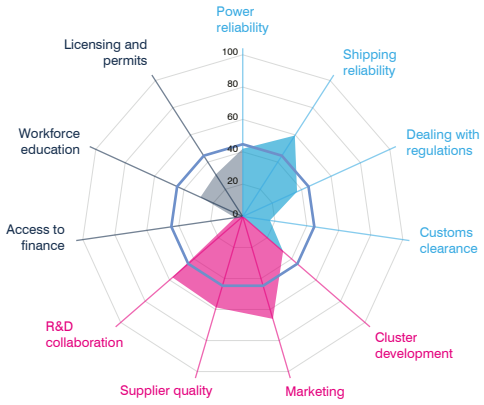
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**11.3**	27.3	**74.1**	25.2
Bank account	32.8	65.5	55.5	38.9
Capacity utilization	42.9	41.3	55.0	44.6
Managerial experience	61.6	**70.6**	**74.2**	64.8
Connect				
E-mail	**16.1**	48.9	**84.6**	24.6
Firm website	**9.1**	39.5	57.4	**20.2**
Change				
Audited financial statement	**22.0**	64.9	**83.7**	36.4
Investment financed by banks	33.0	65.9	60.4	52.5
Formal training programme	35.7	**69.6**	**71.9**	47.6
Foreign technology licences	**0.0**	28.5	48.9	**18.8**



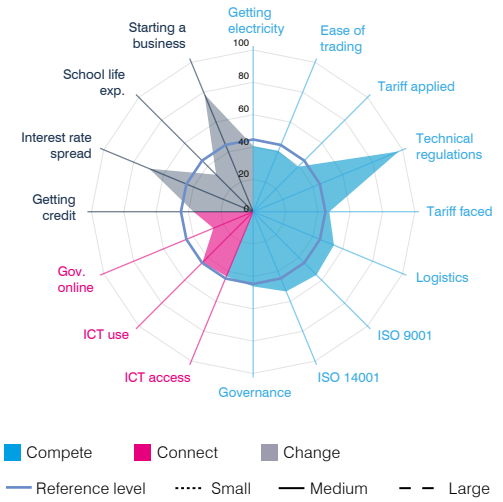
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	40.4	43.1	51.2	41.9
Domestic shipping reliability	62.8	62.8	52.0	59.5
Dealing with regulations	42.8	29.1	**20.8**	36.9
Customs clearance efficiency	-	-	**14.2**	**16.9**
Connect				
State of cluster development				33.0
Extent of marketing				66.0
Local supplier quality				58.7
University-industry collaboration in R&D				57.6
Change				
Access to finance	**1.1**	**13.8**	**15.4**	**4.9**
Access to educated workforce	30.5	29.6	**13.5**	28.8
Business licensing and permits	37.1	22.9	**16.0**	30.9



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	40.7
Ease of trading across borders	40.8
Applied tariff, trade-weighted average	39.3
Prevalence of technical regulations	**97.5**
Faced tariff, trade-weighted average	47.1
Logistics performance index	54.1
ISO 9001 quality certificates	55.3
ISO 14001 environmental certificates	53.4
Governance index	46.2
Connect	
ICT access	43.3
ICT use	44.5
Government's online service	26.6
Change	
Ease of getting credit	36.9
Interest rate spread	**69.5**
School life expectancy	32.4
Ease of starting a business	**78.6**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Czechia

Key indicators

Population (millions)	10.6
GDP ($ billions)	244.5
GDP per capita ($)	23085.2
Share of world GDP (PPP$, %)	0.3
Current account surplus/deficit, share of GDP (%)	-0.4
Tariff preference margin (percentage points)	2.3
Imports and exports (goods and services), share of GDP (%)	180.9
Services exports, share of total exports (%)	12.9
Geographic region	Europe
Country group	OECD
Income group	High income

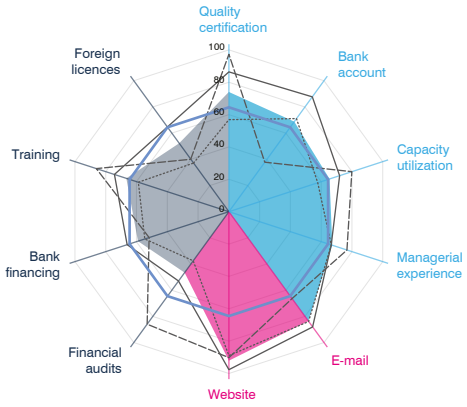
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	63.1	86.4	47.0
	Medium	78.2	92.9	64.5
	Large	72.9	78.3	66.0
	All	68.9	87.8	56.1
BUSINESS ECOSYSTEM		50.0	77.9	61.2
NATIONAL ENVIRONMENT		87.6	58.5	75.6
Reference level (a function of GDP per capita): 64.5				
Weaknesses are scores below: 32.3			**Strengths are scores above: 96.8**	

SME Competitiveness Grid

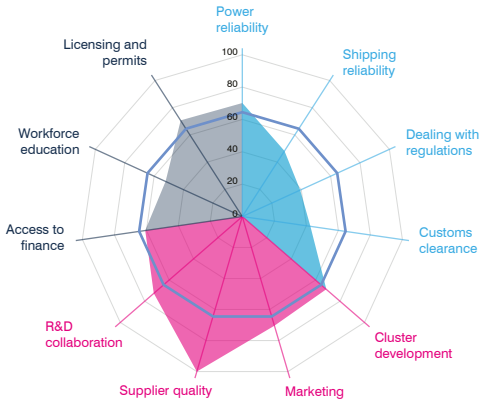
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	56.8	86.4	**97.3**	74.0
Bank account	71.1	87.7	37.8	68.8
Capacity utilization	57.8	72.0	79.9	65.5
Managerial experience	66.6	66.6	76.8	67.2
Connect				
E-mail	83.9	88.1	66.4	83.6
Firm website	88.9	**97.6**	90.2	92.1
Change				
Audited financial statement	37.5	53.0	85.9	46.5
Investment financed by banks	54.6	66.1	51.9	59.1
Formal training programme	58.8	74.3	86.1	66.6
Foreign technology licences	37.1	64.7	40.1	52.2



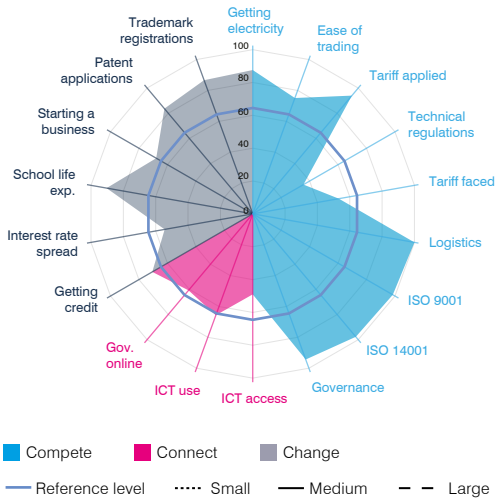
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	82.8	67.3	48.3	70.2
Domestic shipping reliability	48.2	46.5	85.7	48.2
Dealing with regulations	42.4	34.8	37.6	39.3
Customs clearance efficiency	59.4	32.7	43.4	42.5
Connect				
State of cluster development				68.7
Extent of marketing				70.4
Local supplier quality				**100.0**
University-industry collaboration in R&D				72.6
Change				
Access to finance	57.3	63.8	76.0	60.7
Access to educated workforce	46.1	65.7	42.8	52.2
Business licensing and permits	69.8	67.9	**100.0**	70.6



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	87.6
Ease of trading across borders	75.1
Applied tariff, trade-weighted average	94.0
Prevalence of technical regulations	35.7
Faced tariff, trade-weighted average	53.3
Logistics performance index	**100.0**
ISO 9001 quality certificates	**98.5**
ISO 14001 environmental certificates	**97.7**
Governance index	94.3
Connect	
ICT access	49.0
ICT use	65.7
Government's online service	60.8
Change	
Ease of getting credit	70.6
Interest rate spread	54.4
School life expectancy	90.4
Ease of starting a business	67.9
Patent applications	83.7
Trademark registrations	86.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Democratic Republic of the Congo

Key indicators

Population (millions)	89.3
GDP ($ billions)	42.7
GDP per capita ($)	478.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	0.0
Tariff preference margin (percentage points)	0.3
Imports and exports (goods and services), share of GDP (%)	32.3
Services exports, share of total exports (%)	2.2
Geographic region	Africa
Country group	LDC
Income group	Low income

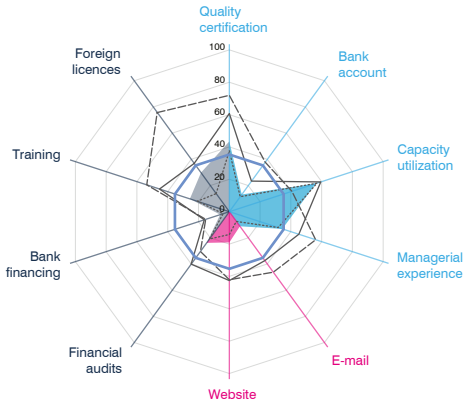
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	34.5	**10.8**	**14.9**
	Medium	47.2	40.0	34.6
	Large	51.6	44.1	43.8
	All	36.9	**15.1**	21.3
BUSINESS ECOSYSTEM		41.2	45.3	33.7
NATIONAL ENVIRONMENT		34.1	**11.1**	43.6
Reference level (a function of GDP per capita): 35.3				
Weaknesses are scores below: 17.7			**Strengths are scores above: 53.0**	

SME Competitiveness Grid

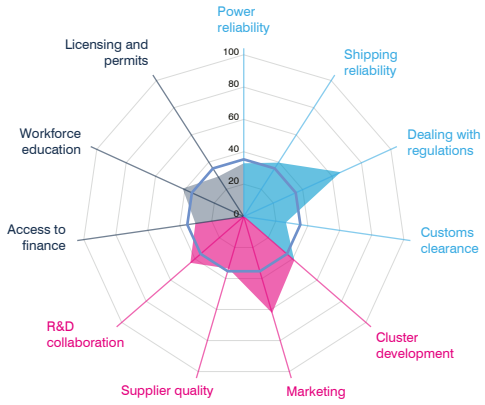
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	37.7	**60.6**	**71.9**	43.4
Bank account	**11.4**	23.4	37.8	**13.1**
Capacity utilization	**57.0**	**59.4**	40.7	**56.4**
Managerial experience	31.7	45.2	**56.1**	34.5
Connect				
E-mail	**7.4**	37.4	46.2	**11.2**
Firm website	**14.1**	42.6	42.1	19.0
Change				
Audited financial statement	20.9	40.1	30.4	23.8
Investment financed by banks	**4.1**	**16.2**	**15.3**	**6.0**
Formal training programme	20.7	45.4	**53.6**	25.6
Foreign technology licences	**13.8**	36.9	**75.7**	29.8



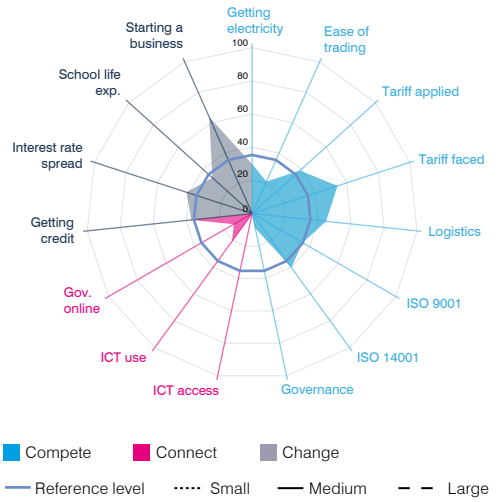
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	32.4	35.0	42.3	32.9
Domestic shipping reliability	52.0	28.1	44.9	39.6
Dealing with regulations	**68.2**	**56.2**	**58.2**	**65.8**
Customs clearance efficiency	-	43.1	-	26.3
Connect				
State of cluster development				41.4
Extent of marketing				**62.3**
Local supplier quality				33.6
University-industry collaboration in R&D				43.8
Change				
Access to finance	28.3	41.9	36.3	30.2
Access to educated workforce	40.5	47.8	43.2	41.6
Business licensing and permits	29.3	30.3	22.5	29.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	29.8
Ease of trading across borders	21.2
Applied tariff, trade-weighted average	38.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**54.1**
Logistics performance index	44.8
ISO 9001 quality certificates	35.1
ISO 14001 environmental certificates	40.2
Governance index	**9.0**
Connect	
ICT access	**0.0**
ICT use	20.6
Government's online service	**12.8**
Change	
Ease of getting credit	36.9
Interest rate spread	41.7
School life expectancy	32.3
Ease of starting a business	**63.7**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Dominican Republic

Key indicators

Population (millions)	10.3
GDP ($ billions)	81.1
GDP per capita ($)	7891.3
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-1.6
Tariff preference margin (percentage points)	3.4
Imports and exports (goods and services), share of GDP (%)	53.5
Services exports, share of total exports (%)	49.8
Geographic region	Americas
Country group	SIDS
Income group	Upper-middle income

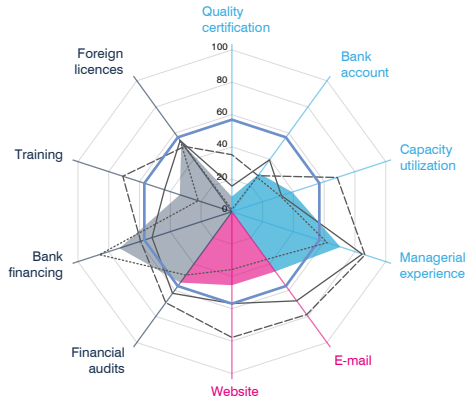
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	29.9	36.1	52.6
	Medium	43.1	62.4	53.1
	Large	54.4	78.2	62.4
	All	37.1	45.6	53.6
BUSINESS ECOSYSTEM		51.1	54.8	55.2
NATIONAL ENVIRONMENT		58.1	54.3	50.3
Reference level (a function of GDP per capita): 56.8				
Weaknesses are scores below: 28.4			**Strengths are scores above: 85.3**	

SME Competitiveness Grid

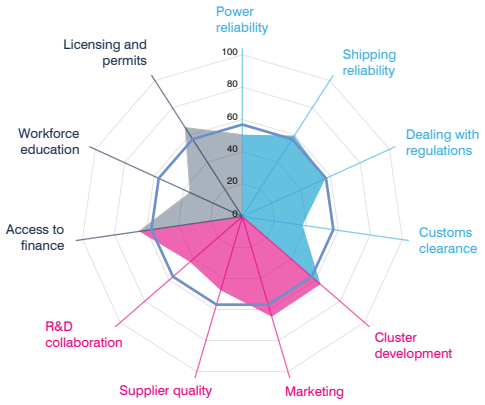
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**0.0**	**15.8**	35.2	**9.3**
Bank account	**26.3**	39.6	**27.5**	29.2
Capacity utilization	31.4	32.2	68.5	39.3
Managerial experience	62.0	84.7	**86.5**	70.6
Connect				
E-mail	36.5	68.1	78.7	45.7
Firm website	35.7	56.8	77.7	45.4
Change				
Audited financial statement	48.5	62.4	69.5	54.2
Investment financed by banks	**86.0**	51.9	59.2	73.0
Formal training programme	**21.8**	43.8	70.9	33.8
Foreign technology licences	54.2	54.3	49.8	53.2



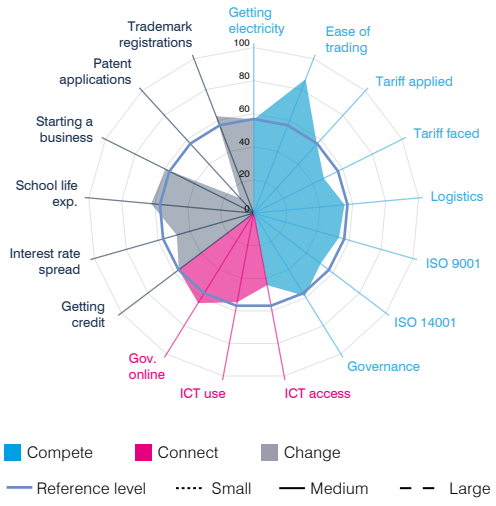
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	45.8	68.7	67.3	50.6
Domestic shipping reliability	77.3	46.5	**85.7**	59.5
Dealing with regulations	56.8	56.5	53.9	56.5
Customs clearance efficiency	-	44.9	37.4	37.7
Connect				
State of cluster development				63.9
Extent of marketing				64.6
Local supplier quality				47.6
University-industry collaboration in R&D				42.9
Change				
Access to finance	58.3	75.6	83.3	64.5
Access to educated workforce	36.6	39.0	**22.0**	35.6
Business licensing and permits	62.0	69.4	80.6	65.4



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.6
Ease of trading across borders	**86.7**
Applied tariff, trade-weighted average	56.6
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	47.3
Logistics performance index	55.1
ISO 9001 quality certificates	53.5
ISO 14001 environmental certificates	50.6
Governance index	58.8
Connect	
ICT access	44.3
ICT use	54.7
Government's online service	63.9
Change	
Ease of getting credit	56.7
Interest rate spread	48.3
School life expectancy	62.2
Ease of starting a business	59.4
Patent applications	**12.2**
Trademark registrations	62.8



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Ecuador

Key indicators

Population (millions)	17.0
GDP ($ billions)	107.3
GDP per capita ($)	6301.1
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-0.5
Tariff preference margin (percentage points)	1.8
Imports and exports (goods and services), share of GDP (%)	38.4
Services exports, share of total exports (%)	10.8
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	41.2 ↓	**88.3** ↑	45.2 ↑
	Medium	45.9 ↓	**84.8** ↑	62.8 ↓
	Large	68.4 ↓	**94.1** ↑	**86.2** ↑
	All	46.7 ↓	**87.7** ↑	59.4 ↑
BUSINESS ECOSYSTEM		41.4 ↑	50.3 ↑	47.7 ↑
NATIONAL ENVIRONMENT		56.9 ↑	58.7 ↓	50.0 ↓

Reference level (a function of GDP per capita): 55.4

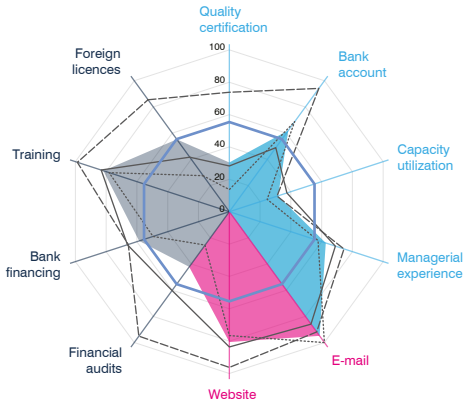
Weaknesses are scores below: 27.7 | **Strengths are scores above: 83.1**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

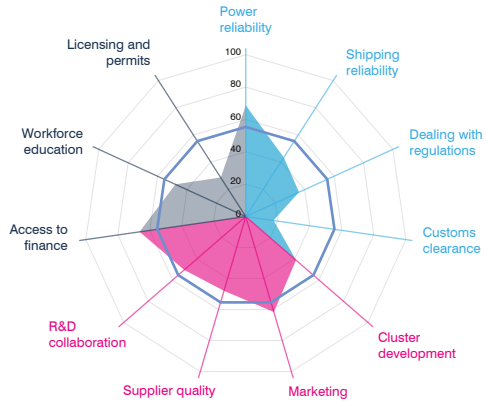
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**13.6** ↑	28.2 ↓	73.8 ↓	30.4 ↓
Bank account	68.8 ↓	48.9 ↓	**94.2** ↓	62.1 ↓
Capacity utilization	**24.6** ↓	37.5 ↓	31.0 ↓	31.7 ↓
Managerial experience	57.6 ↑	68.9 ↑	74.5 ↑	62.7 ↑
Connect				
E-mail	**100.0** ↑	**85.9** ↓	**91.9** ↓	**94.9** ↓
Firm website	76.6 ↑	**83.6** ↑	**96.2** ↑	80.6 ↑
Change				
Audited financial statement	**25.5** ↓	60.2 ↑	**95.1** ↑	42.1 ↓
Investment financed by banks	49.6 ↑	66.2 ↑	65.6 ↑	58.6 ↑
Formal training programme	78.1 ↑	**83.3** ↑	**98.7** ↑	81.8 ↑
Foreign technology licences	**27.5** ↓	41.7 ↓	**85.5** ↑	55.2 ↑



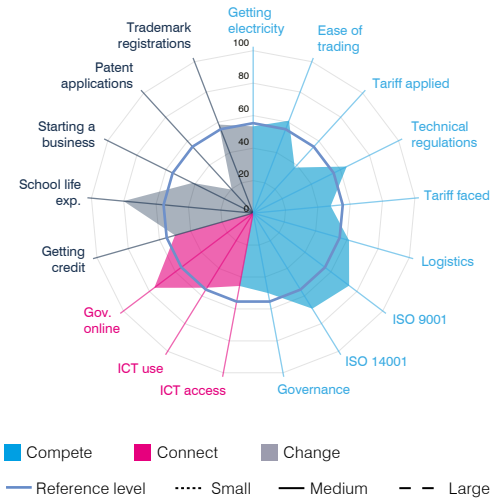
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	67.3 ↑	67.3 ↑	82.8 ↑	68.7 ↑
Domestic shipping reliability	43.5 ↓	38.5 ↓	52.0 ↓	43.5 ↓
Dealing with regulations	38.2 ↑	31.6 ↓	38.9 ↑	36.2 ↑
Customs clearance efficiency	- -	31.4 ↑	**0.0** ↓	**17.4** ↓
Connect				
State of cluster development				41.1 ↓
Extent of marketing				61.6 ↑
Local supplier quality				47.9 ↑
University-industry collaboration in R&D				50.4 ↑
Change				
Access to finance	62.5 ↑	71.9 ↑	76.7 ↑	66.4 ↑
Access to educated workforce	49.4 ↑	44.1 ↑	49.1 ↑	47.8 ↑
Business licensing and permits	28.6 ↓	31.2 ↑	**23.1** ↓	28.7 ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	53.4 ↑
Ease of trading across borders	61.0 ↑
Applied tariff, trade-weighted average	38.0 ↓
Prevalence of technical regulations	64.4 -
Faced tariff, trade-weighted average	47.9 ↓
Logistics performance index	61.4 ↑
ISO 9001 quality certificates	74.1 ↑
ISO 14001 environmental certificates	69.2 ↑
Governance index	50.1 ↑
Connect	
ICT access	45.7 ↓
ICT use	54.0 ↓
Government's online service	76.3 ↑
Change	
Ease of getting credit	50.0 ↑
Interest rate spread	- -
School life expectancy	80.2 ↑
Ease of starting a business	41.7 ↑
Patent applications	**19.5** -
Trademark registrations	58.5 ↑



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Egypt

Key indicators

Population (millions)	97.0
GDP ($ billions)	249.5
GDP per capita ($)	2572.4
Share of world GDP (PPP$, %)	1.0
Current account surplus/deficit, share of GDP (%)	-2.6
Tariff preference margin (percentage points)	4.5
Imports and exports (goods and services), share of GDP (%)	54.8
Services exports, share of total exports (%)	43.6
Geographic region	Africa
Country group	
Income group	Lower-middle income

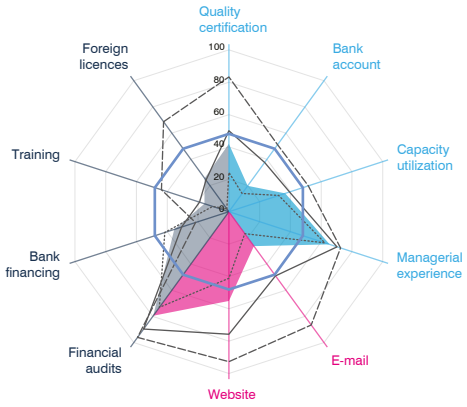
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	33.2	29.0	31.8
	Medium	49.3	62.4	40.9
	Large	64.7	**89.7**	57.5
	All	40.9	40.8	39.1
BUSINESS ECOSYSTEM		44.7	52.1	39.5
NATIONAL ENVIRONMENT		62.3	52.4	50.1
Reference level (a function of GDP per capita): 48.1				
Weaknesses are scores below: 24.1			**Strengths are scores above: 72.2**	

SME Competitiveness Grid

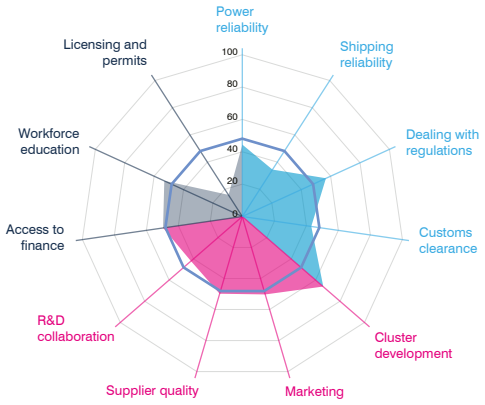
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	24.2	50.0	**83.3**	41.9
Bank account	**13.9**	37.6	51.2	**19.7**
Capacity utilization	32.4	39.5	51.6	36.6
Managerial experience	62.4	70.3	**72.6**	65.5
Connect				
E-mail	**16.8**	49.0	**86.6**	26.3
Firm website	41.1	**75.8**	**92.7**	55.2
Change				
Audited financial statement	**73.1**	**89.7**	**96.0**	**79.5**
Investment financed by banks	41.6	30.7	**21.6**	35.4
Formal training programme	**10.4**	**19.0**	43.8	**15.9**
Foreign technology licences	**2.1**	**24.0**	68.7	25.5



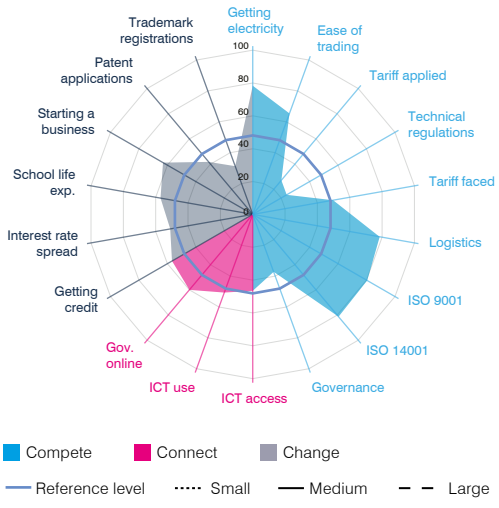
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	46.8	38.7	44.0	44.4
Domestic shipping reliability	27.4	44.9	71.3	34.4
Dealing with regulations	62.4	51.8	39.7	56.8
Customs clearance efficiency	24.4	48.2	46.2	43.1
Connect				
State of cluster development				66.2
Extent of marketing				50.3
Local supplier quality				49.8
University-industry collaboration in R&D				42.1
Change				
Access to finance	46.2	57.5	52.1	49.6
Access to educated workforce	53.9	56.8	36.3	53.1
Business licensing and permits	**17.7**	**11.9**	**15.8**	**15.9**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**78.4**
Ease of trading across borders	65.4
Applied tariff, trade-weighted average	27.1
Prevalence of technical regulations	**23.9**
Faced tariff, trade-weighted average	49.7
Logistics performance index	**78.5**
ISO 9001 quality certificates	**80.5**
ISO 14001 environmental certificates	**81.3**
Governance index	37.2
Connect	
ICT access	46.5
ICT use	50.6
Government's online service	60.0
Change	
Ease of getting credit	56.7
Interest rate spread	51.0
School life expectancy	57.0
Ease of starting a business	63.1
Patent applications	41.8
Trademark registrations	31.2



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

El Salvador

Key indicators

Population (millions)	6.4
GDP ($ billions)	25.9
GDP per capita ($)	4041.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-3.9
Tariff preference margin (percentage points)	9.4
Imports and exports (goods and services), share of GDP (%)	83.8
Services exports, share of total exports (%)	30.8
Geographic region	Americas
Country group	
Income group	Lower-middle income

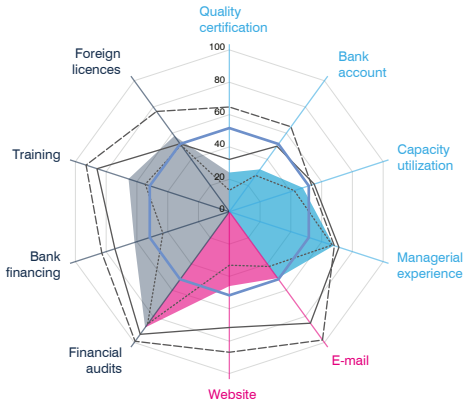
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.5	37.5	58.6
	Medium	52.2	**78.4**	76.5
	Large	62.8	**92.5**	**87.9**
	All	43.1	48.4	68.3
BUSINESS ECOSYSTEM		48.1	48.5	42.4
NATIONAL ENVIRONMENT		51.4	49.7	46.3
Reference level (a function of GDP per capita): 51.7				
Weaknesses are scores below: 25.8			**Strengths are scores above: 77.5**	

SME Competitiveness Grid

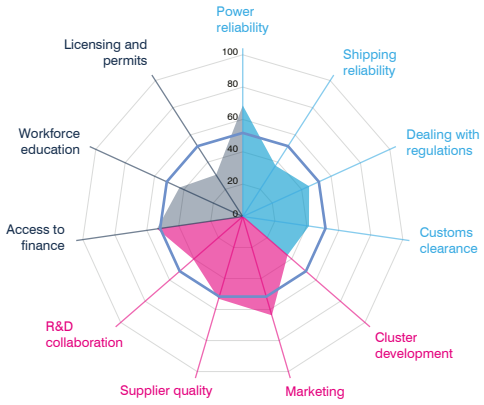
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**13.2**	32.3	64.7	**24.2**
Bank account	27.7	50.0	64.9	32.3
Capacity utilization	42.2	55.2	53.4	47.8
Managerial experience	66.9	71.3	68.3	67.9
Connect				
E-mail	41.8	**85.2**	**98.1**	50.8
Firm website	33.1	71.6	**86.9**	46.0
Change				
Audited financial statement	**85.8**	**93.7**	**99.0**	**88.5**
Investment financed by banks	43.1	74.3	**82.8**	61.5
Formal training programme	54.6	**86.0**	**93.1**	65.5
Foreign technology licences	50.9	51.9	76.6	57.9



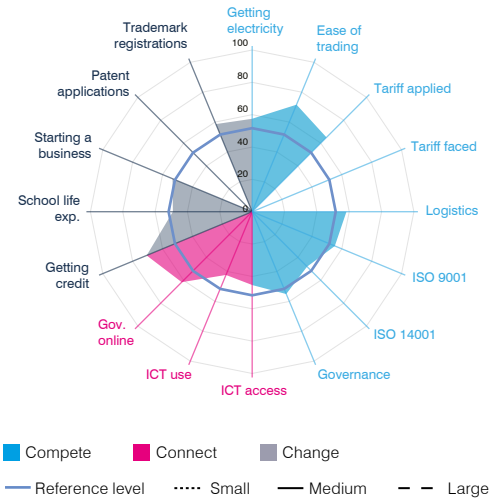
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	68.7	70.2	68.7	68.7
Domestic shipping reliability	29.5	44.9	71.3	37.4
Dealing with regulations	48.8	35.7	42.8	45.1
Customs clearance efficiency	**20.7**	56.3	56.5	41.4
Connect				
State of cluster development				36.6
Extent of marketing				63.7
Local supplier quality				53.0
University-industry collaboration in R&D				40.5
Change				
Access to finance	44.5	**83.8**	72.9	53.6
Access to educated workforce	39.9	49.7	59.0	43.1
Business licensing and permits	28.9	34.4	36.7	30.6



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	57.5
Ease of trading across borders	71.7
Applied tariff, trade-weighted average	65.0
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**0.0**
Logistics performance index	58.3
ISO 9001 quality certificates	55.3
ISO 14001 environmental certificates	48.1
Governance index	55.1
Connect	
ICT access	45.3
ICT use	42.3
Government's online service	61.6
Change	
Ease of getting credit	70.6
Interest rate spread	-
School life expectancy	49.0
Ease of starting a business	53.3
Patent applications	**0.0**
Trademark registrations	58.7



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Estonia

Key indicators

Population (millions)	1.3
GDP ($ billions)	29.5
GDP per capita ($)	22416.7
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	2.2
Tariff preference margin (percentage points)	0.5
Imports and exports (goods and services), share of GDP (%)	170.1
Services exports, share of total exports (%)	30.8
Geographic region	Europe
Country group	OECD
Income group	High income

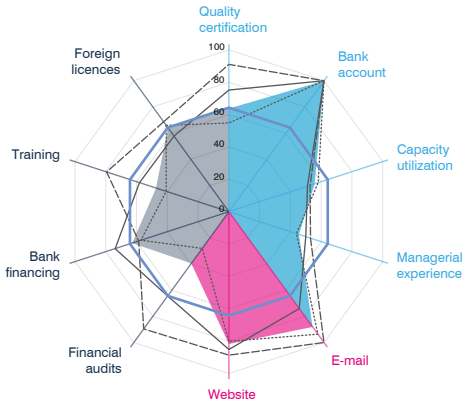
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	64.2	86.9	47.9
	Medium	69.0	79.6	63.5
	Large	74.2	94.3	74.1
	All	66.3	84.9	53.4
BUSINESS ECOSYSTEM		73.9	72.3	87.0
NATIONAL ENVIRONMENT		81.8	73.3	77.6
Reference level (a function of GDP per capita): 64.3				
Weaknesses are scores below: 32.1			**Strengths are scores above: 96.4**	

SME Competitiveness Grid

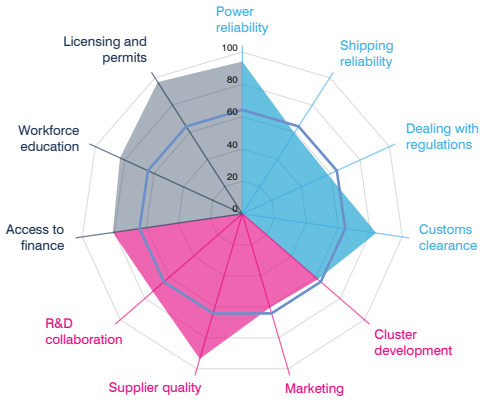
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	54.8	75.1	91.0	63.7
Bank account	**100.0**	**100.0**	**100.0**	**100.0**
Capacity utilization	58.0	51.1	52.8	55.8
Managerial experience	43.9	50.0	53.1	45.6
Connect				
E-mail	93.6	74.0	**100.0**	88.1
Firm website	80.1	85.2	88.7	81.8
Change				
Audited financial statement	**28.0**	64.4	89.6	39.5
Investment financed by banks	57.2	73.9	58.6	62.8
Formal training programme	40.7	58.1	79.4	47.3
Foreign technology licences	65.9	57.7	68.6	64.1



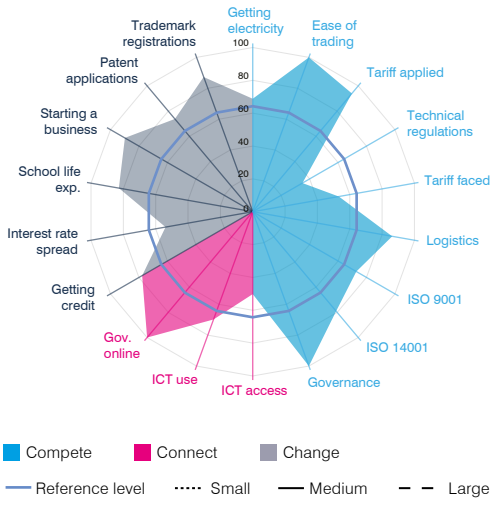
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	89.6	**100.0**	77.7	94.2
Domestic shipping reliability	52.0	85.7	**100.0**	59.5
Dealing with regulations	58.6	55.5	82.8	58.2
Customs clearance efficiency	79.3	86.9	**96.8**	83.7
Connect				
State of cluster development				61.9
Extent of marketing				60.6
Local supplier quality				93.5
University-industry collaboration in R&D				73.4
Change				
Access to finance	80.5	81.7	82.5	81.0
Access to educated workforce	95.5	63.2	56.3	83.3
Business licensing and permits	**100.0**	88.5	**100.0**	**96.8**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	68.8
Ease of trading across borders	**100.0**
Applied tariff, trade-weighted average	94.0
Prevalence of technical regulations	35.0
Faced tariff, trade-weighted average	53.3
Logistics performance index	86.2
ISO 9001 quality certificates	72.9
ISO 14001 environmental certificates	79.0
Governance index	**100.0**
Connect	
ICT access	50.1
ICT use	69.9
Government's online service	**100.0**
Change	
Ease of getting credit	77.7
Interest rate spread	53.9
School life expectancy	82.8
Ease of starting a business	89.9
Patent applications	73.8
Trademark registrations	87.3



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Eswatini

Key indicators

Population (millions)	1.2
GDP ($ billions)	4.8
GDP per capita ($)	4092.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	10.3
Tariff preference margin (percentage points)	10.8
Imports and exports (goods and services), share of GDP (%)	88.2
Services exports, share of total exports (%)	6.5
Geographic region	Africa
Country group	LLDC
Income group	Lower-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.2	48.3	36.6
	Medium	44.5	60.9	63.7
	Large	62.6	**91.2**	57.9
	All	38.3	53.8	51.6
BUSINESS ECOSYSTEM		49.1	35.4	69.1
NATIONAL ENVIRONMENT		49.5	37.6	50.5

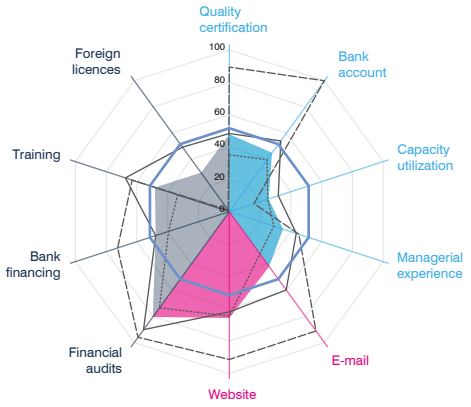
Reference level (a function of GDP per capita): 51.6

Weaknesses are scores below: 25.8 | **Strengths are scores above: 77.4**

SME Competitiveness Grid

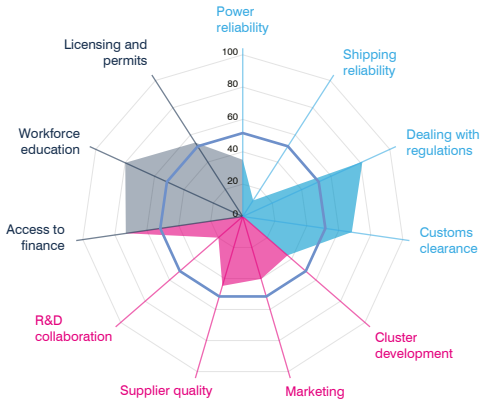
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	35.2	48.3	**89.3**	47.8
Bank account	39.7	54.1	**100.0**	45.0
Capacity utilization	**25.0**	31.9	**16.0**	**25.6**
Managerial experience	29.0	43.5	45.2	34.9
Connect				
E-mail	32.2	59.8	**91.1**	41.9
Firm website	64.5	62.0	**91.4**	65.7
Change				
Audited financial statement	73.5	**90.1**	**95.9**	**80.4**
Investment financed by banks	39.5	47.8	72.5	47.8
Formal training programme	33.6	67.5	63.1	48.3
Foreign technology licences	**0.0**	49.3	**0.0**	29.8



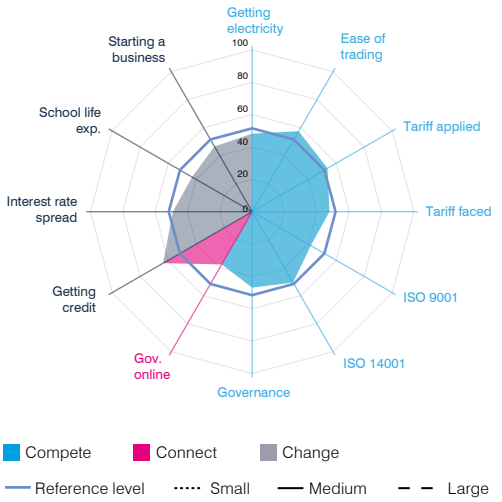
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	37.7	31.2	40.1	35.0
Domestic shipping reliability	**23.8**	**17.2**	**0.0**	**11.8**
Dealing with regulations	**79.9**	**87.9**	70.2	**81.3**
Customs clearance efficiency	-	76.2	-	68.1
Connect				
State of cluster development				36.7
Extent of marketing				40.3
Local supplier quality				44.8
University-industry collaboration in R&D				**20.0**
Change				
Access to finance	70.0	**77.9**	**78.1**	73.2
Access to educated workforce	**82.7**	**80.8**	59.0	**79.9**
Business licensing and permits	56.0	49.5	66.4	54.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	48.3
Ease of trading across borders	57.5
Applied tariff, trade-weighted average	53.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	47.8
Logistics performance index	-
ISO 9001 quality certificates	41.9
ISO 14001 environmental certificates	50.6
Governance index	46.9
Connect	
ICT access	-
ICT use	-
Government's online service	37.6
Change	
Ease of getting credit	63.6
Interest rate spread	49.0
School life expectancy	43.0
Ease of starting a business	46.6
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Ethiopia

Key indicators

Population (millions)	94.1
GDP ($ billions)	83.8
GDP per capita ($)	890.6
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	-6.2
Tariff preference margin (percentage points)	3.6
Imports and exports (goods and services), share of GDP (%)	37.4
Services exports, share of total exports (%)	54.2
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

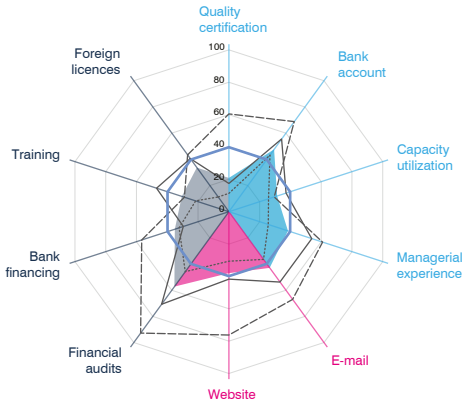
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	26.5	33.5	27.7
	Medium	41.0	47.7	47.0
	Large	54.9	**71.6**	55.4
	All	34.6	40.5	39.2
BUSINESS ECOSYSTEM		39.7	50.5	**69.5**
NATIONAL ENVIRONMENT		45.6	41.0	25.3
Reference level (a function of GDP per capita): 39.8				
Weaknesses are scores below: 19.9			**Strengths are scores above: 59.8**	

SME Competitiveness Grid

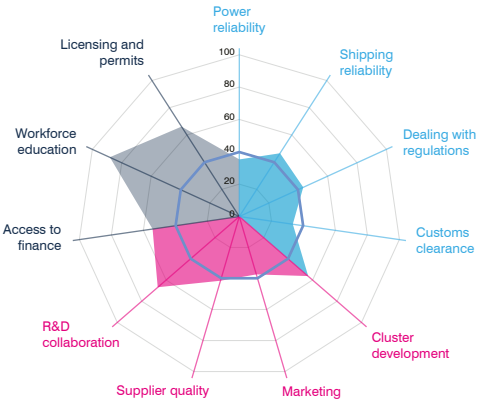
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**11.3**	**17.4**	**60.4**	20.8
Bank account	43.3	55.5	**68.8**	47.6
Capacity utilization	25.8	37.1	29.5	31.4
Managerial experience	25.6	53.9	**60.9**	38.4
Connect				
E-mail	36.4	53.8	**67.0**	43.0
Firm website	30.6	41.7	**76.2**	38.0
Change				
Audited financial statement	45.8	**70.7**	**92.8**	57.3
Investment financed by banks	32.3	29.6	56.6	35.1
Formal training programme	21.6	47.0	28.9	30.6
Foreign technology licences	**11.2**	40.5	43.4	33.7



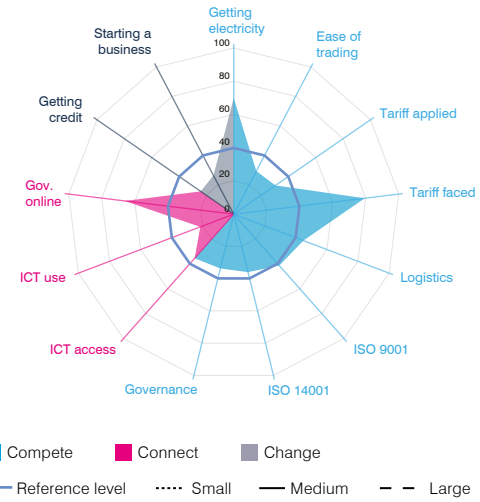
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	33.7	41.5	31.4	35.3
Domestic shipping reliability	37.4	50.0	52.0	46.5
Dealing with regulations	42.0	43.0	58.6	43.5
Customs clearance efficiency	-	36.0	32.3	33.4
Connect				
State of cluster development				56.4
Extent of marketing				37.3
Local supplier quality				41.5
University-industry collaboration in R&D				**66.9**
Change				
Access to finance	56.7	49.6	54.9	54.2
Access to educated workforce	**92.0**	**86.2**	**72.6**	**88.1**
Business licensing and permits	55.7	**92.5**	**88.5**	**66.1**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**69.8**
Ease of trading across borders	29.3
Applied tariff, trade-weighted average	30.5
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**79.4**
Logistics performance index	44.9
ISO 9001 quality certificates	41.3
ISO 14001 environmental certificates	36.0
Governance index	33.7
Connect	
ICT access	35.5
ICT use	21.5
Government's online service	**66.1**
Change	
Ease of getting credit	24.2
Interest rate spread	-
School life expectancy	-
Ease of starting a business	26.3
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Technical Annex.

Gambia

Key indicators

Population (millions)	2.2
GDP ($ billions)	1.6
GDP per capita ($)	739.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-12.5
Tariff preference margin (percentage points)	8.9
Imports and exports (goods and services), share of GDP (%)	53.7
Services exports, share of total exports (%)	82.8
Geographic region	Africa
Country group	LDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete		Connect		Change	
FIRM CAPABILITIES	Small	47.1	↑	**15.6**	↑	27.3	↑
	Medium	**66.8**	↑	46.0	↑	36.0	↑
	Large	**71.5**	↑	**100.0**	↑	48.7	↓
	All	49.8	↑	24.9	↑	33.0	↑
BUSINESS ECOSYSTEM		43.8	↓	54.3	↑	38.9	↓
NATIONAL ENVIRONMENT		39.6	↑	34.2	↓	31.1	↑

Reference level (a function of GDP per capita): 38.2

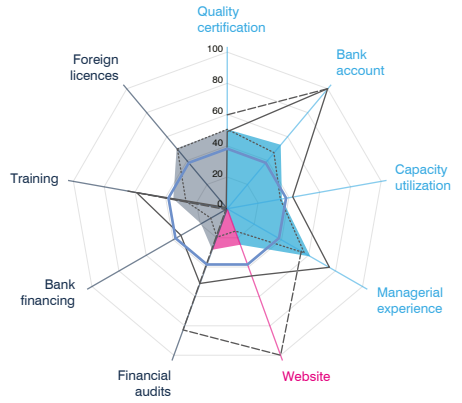
Weaknesses are scores below: 19.1 | **Strengths are scores above: 57.3**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

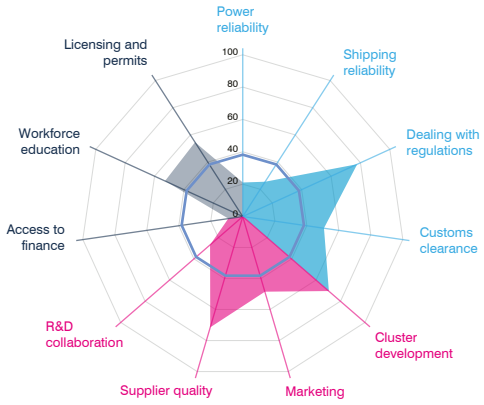
FIRM CAPABILITIES (Normalized scores)

Compete	Small		Medium		Large		All	
International quality certificate	50.6	↑	49.1	↓	**60.0**	↓	50.6	↓
Bank account	46.6	↑	**100.0**	↑	**100.0**	↑	51.8	↑
Capacity utilization	34.5	↑	42.6	↑	-	-	35.5	↑
Managerial experience	56.9	↑	**75.5**	↑	54.6	↓	**61.3**	↑
Connect								
E-mail	-	-	-	-	-	-	-	-
Firm website	**15.6**	↑	46.0	↑	**100.0**	↑	24.9	↑
Change								
Audited financial statement	20.3	↑	51.1	↓	**82.7**	↓	28.6	↓
Investment financed by banks	**12.2**	↓	34.2	↓	**0.0**	-	**18.1**	↓
Formal training programme	27.0	↓	**58.8**	↑	**63.4**	-	36.0	↓
Foreign technology licences	49.6	↑	**0.0**	→	-	-	49.1	↑



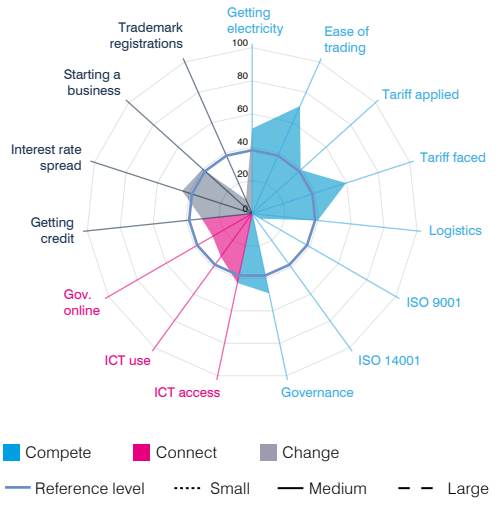
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small		Medium		Large		All	
Power reliability	21.3	↓	20.3	↓	21.0	-	21.0	↓
Domestic shipping reliability	22.7	↓	**77.3**	↑	-	-	25.5	↓
Dealing with regulations	**84.4**	↑	**62.0**	↑	**92.8**	↑	**77.8**	↑
Customs clearance efficiency	-	-	-	-	-	-	50.7	↓
Connect								
State of cluster development							**70.5**	↑
Extent of marketing							48.5	↑
Local supplier quality							**71.5**	↑
University-industry collaboration in R&D							26.8	↓
Change								
Access to finance	**3.0**	↓	31.5	↑	50.9	↑	**9.1**	↓
Access to educated workforce	56.3	↓	46.2	↓	26.1	↑	52.9	↓
Business licensing and permits	**59.5**	↑	45.7	↑	26.0	↓	54.6	↑



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All	
Getting electricity	51.3	↑
Ease of trading across borders	**70.9**	↑
Applied tariff, trade-weighted average	39.3	↑
Prevalence of technical regulations	-	-
Faced tariff, trade-weighted average	**59.6**	↑
Logistics performance index	39.8	↓
ISO 9001 quality certificates	**6.3**	→
ISO 14001 environmental certificates	**0.0**	-
Governance index	49.2	↓
Connect		
ICT access	42.8	↓
ICT use	32.2	↓
Government's online service	27.5	↑
Change		
Ease of getting credit	30.5	→
Interest rate spread	44.4	↑
School life expectancy	-	-
Ease of starting a business	40.2	↑
Patent applications	-	-
Trademark registrations	**9.3**	↓



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2006 and 2018) for firm level data; for other sources and methodology see Technical Annex.

Georgia

Key indicators

Population (millions)	3.7
GDP ($ billions)	16.7
GDP per capita ($)	4505.8
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-10.5
Tariff preference margin (percentage points)	5.9
Imports and exports (goods and services), share of GDP (%)	100.5
Services exports, share of total exports (%)	59.7
Geographic region	Asia
Country group	
Income group	Lower-middle income

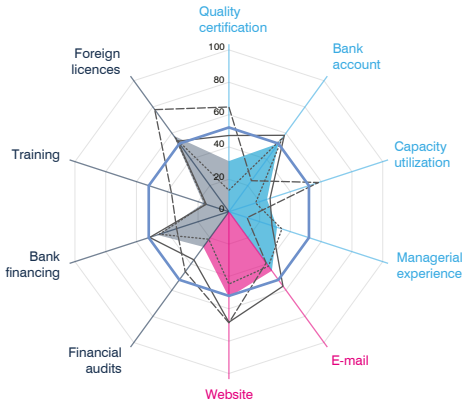
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	30.3	43.2	34.4
	Medium	40.1	62.6	39.2
	Large	39.6	54.0	48.7
	All	34.9	49.1	37.0
BUSINESS ECOSYSTEM		74.1	43.4	76.1
NATIONAL ENVIRONMENT		69.6	60.6	75.4
Reference level (a function of GDP per capita): 52.1				
Weaknesses are scores below: 26.0			**Strengths are scores above: 78.1**	

SME Competitiveness Grid

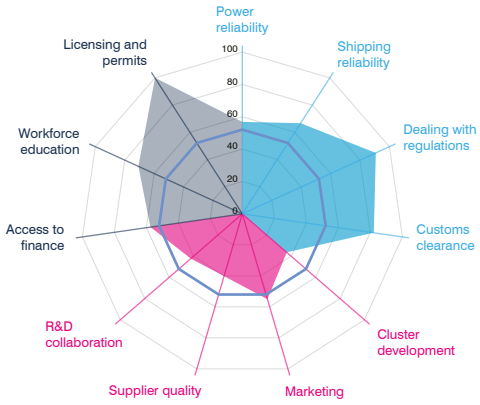
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**13.2**	47.0	64.7	31.2
Bank account	56.3	58.3	**23.7**	52.1
Capacity utilization	**17.4**	26.8	58.2	**24.8**
Managerial experience	34.5	28.0	**11.9**	31.3
Connect				
E-mail	41.7	56.9	39.2	45.2
Firm website	44.7	68.3	68.7	52.9
Change				
Audited financial statement	**21.1**	36.7	45.8	26.9
Investment financed by banks	45.1	51.5	33.9	46.5
Formal training programme	**15.3**	**14.7**	37.3	**16.6**
Foreign technology licences	56.1	53.8	78.0	58.0



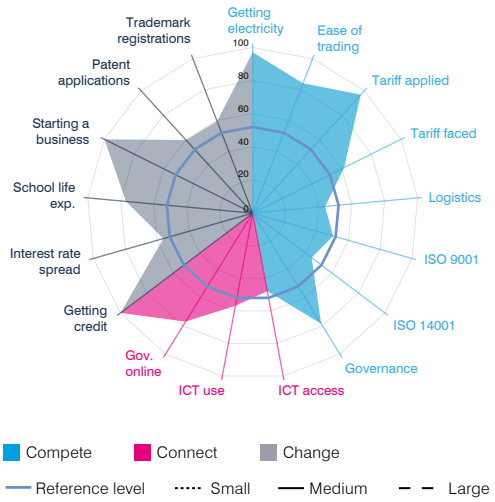
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	56.1	**85.9**	**16.9**	56.9
Domestic shipping reliability	71.3	66.6	52.0	66.6
Dealing with regulations	**91.8**	**89.8**	**92.8**	**90.8**
Customs clearance efficiency	-	-	-	**82.2**
Connect				
State of cluster development				36.3
Extent of marketing				54.8
Local supplier quality				40.2
University-industry collaboration in R&D				42.3
Change				
Access to finance	54.1	63.8	70.6	57.5
Access to educated workforce	67.6	76.3	**82.1**	70.7
Business licensing and permits	**100.0**	**99.2**	**100.0**	**100.0**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**97.1**
Ease of trading across borders	**84.1**
Applied tariff, trade-weighted average	**96.8**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	61.6
Logistics performance index	43.9
ISO 9001 quality certificates	50.5
ISO 14001 environmental certificates	44.6
Governance index	**78.4**
Connect	
ICT access	47.9
ICT use	56.9
Government's online service	77.0
Change	
Ease of getting credit	**100.0**
Interest rate spread	56.1
School life expectancy	76.9
Ease of starting a business	**100.0**
Patent applications	59.7
Trademark registrations	59.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Ghana

Key indicators

Population (millions)	29.0
GDP ($ billions)	51.8
GDP per capita ($)	1786.7
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-4.1
Tariff preference margin (percentage points)	0.9
Imports and exports (goods and services), share of GDP (%)	92.8
Services exports, share of total exports (%)	31.7
Geographic region	Africa
Country group	
Income group	Lower-middle income

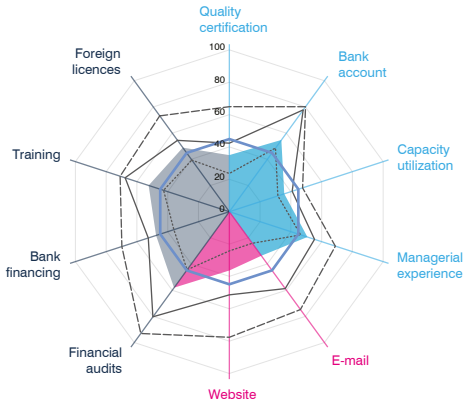
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.5	24.2	40.6
	Medium	54.1	55.1	63.8
	Large	65.4	**76.2**	**76.7**
	All	44.1	35.0	51.8
BUSINESS ECOSYSTEM		42.0	64.4	36.5
NATIONAL ENVIRONMENT		54.0	51.3	51.0
Reference level (a function of GDP per capita): 44.9				
Weaknesses are scores below: 22.4		**Strengths are scores above: 67.3**		

SME Competitiveness Grid

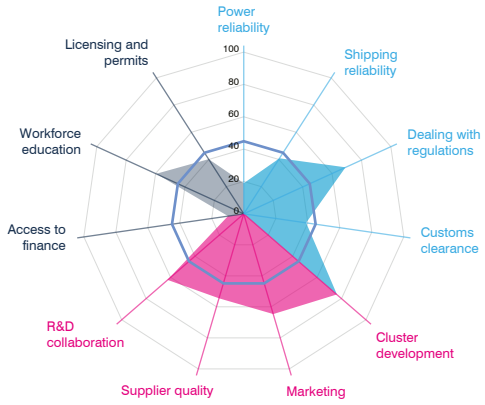
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	23.6	42.3	64.9	35.0
Bank account	48.6	**77.8**	**80.1**	54.8
Capacity utilization	31.5	40.9	47.6	35.7
Managerial experience	46.4	55.4	**68.9**	50.8
Connect				
E-mail	24.1	58.8	**74.8**	33.7
Firm website	24.2	51.4	**77.6**	36.4
Change				
Audited financial statement	44.4	**80.3**	**93.1**	58.1
Investment financed by banks	36.0	52.7	**69.8**	47.6
Formal training programme	42.7	**67.7**	**70.9**	52.4
Foreign technology licences	39.4	54.5	**73.2**	48.9



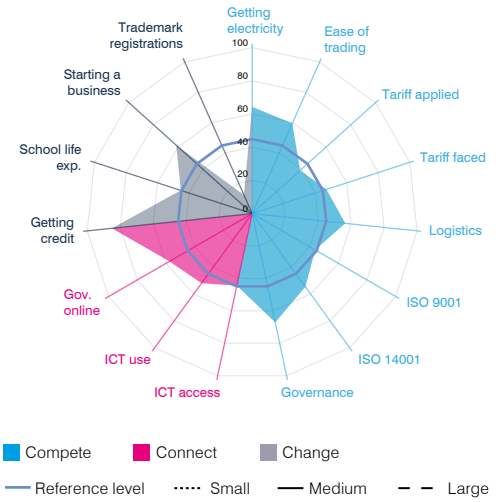
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**18.0**	**20.2**	**20.8**	**18.9**
Domestic shipping reliability	34.4	52.0	54.2	40.8
Dealing with regulations	**72.9**	65.4	56.8	**69.2**
Customs clearance efficiency	-	43.7	37.3	38.9
Connect				
State of cluster development				**76.2**
Extent of marketing				64.6
Local supplier quality				54.5
University-industry collaboration in R&D				62.5
Change				
Access to finance	**3.3**	**17.9**	50.1	**9.9**
Access to educated workforce	61.1	61.1	45.5	59.6
Business licensing and permits	42.5	34.5	42.5	40.2



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	64.3
Ease of trading across borders	59.6
Applied tariff, trade-weighted average	38.9
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	47.1
Logistics performance index	56.5
ISO 9001 quality certificates	43.9
ISO 14001 environmental certificates	54.6
Governance index	67.1
Connect	
ICT access	44.4
ICT use	51.9
Government's online service	57.7
Change	
Ease of getting credit	**85.0**
Interest rate spread	-
School life expectancy	45.2
Ease of starting a business	61.6
Patent applications	-
Trademark registrations	**12.2**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Guatemala

Key indicators

Population (millions)	17.3
GDP ($ billions)	79.1
GDP per capita ($)	4582.7
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	1.0
Tariff preference margin (percentage points)	6.0
Imports and exports (goods and services), share of GDP (%)	47.0
Services exports, share of total exports (%)	20.5
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	47.1 ↑	50.9 ↑	42.2 ↑
	Medium	49.7 ↑	**87.2** ↑	**83.3** ↑
	Large	68.4 ↑	**99.3** ↑	**82.6** ↓
	All	50.5 ↑	61.0 ↑	60.9 ↑
BUSINESS ECOSYSTEM		48.2 ↑	69.5 ↑	49.8 ↑
NATIONAL ENVIRONMENT		57.5 ↑	54.1 ↓	46.9 ↑

Reference level (a function of GDP per capita): 52.8

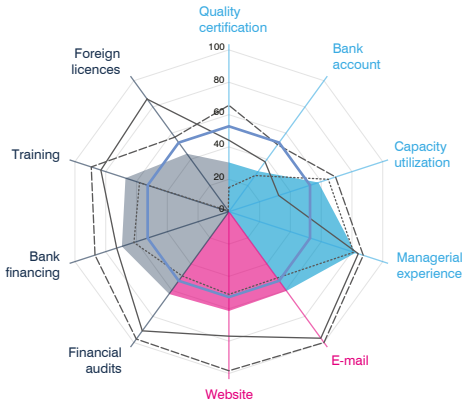
Weaknesses are scores below: 26.4 | **Strengths are scores above: 79.2**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

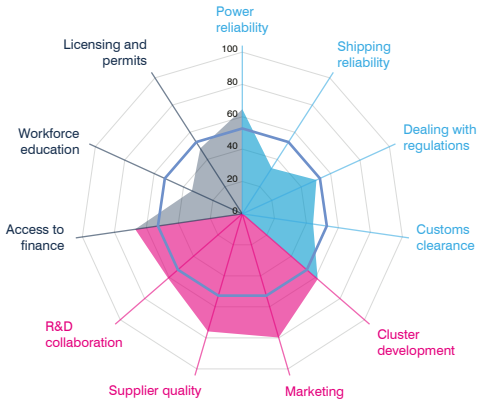
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**14.9** ↑	44.1 ↓	65.7 ↓	30.4 ↓
Bank account	27.6 ↑	38.1 ↑	51.2 ↑	30.9 ↑
Capacity utilization	64.6 ↑	32.4 ↓	69.4 ↑	58.2 ↑
Managerial experience	**81.1** ↑	**84.1** ↑	**87.4** ↑	**82.3** ↑
Connect				
E-mail	50.7 ↑	**96.7** ↑	**100.0** ↑	60.6 ↑
Firm website	51.1 ↑	77.7 ↑	**98.6** ↑	61.4 ↑
Change				
Audited financial statement	49.1 ↓	**91.0** ↑	**97.3** ↑	62.9 ↓
Investment financed by banks	61.7 ↑	72.9 ↑	**87.0** ↑	69.5 ↑
Formal training programme	58.1 ↑	**83.2** ↑	**89.4** ↓	67.1 ↑
Foreign technology licences	**0.0** ↓	**86.0** ↑	56.9 ↓	44.3 ↑



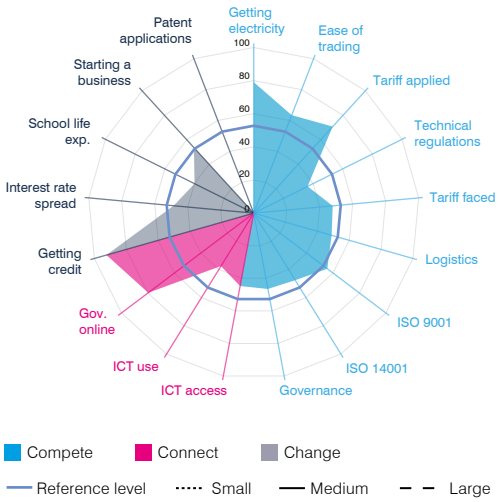
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	65.9 ↑	58.6 ↓	**82.8** ↑	64.7 ↑
Domestic shipping reliability	27.4 ↓	56.7 ↑	56.7 ↑	33.5 ↓
Dealing with regulations	56.2 ↓	39.9 ↑	42.8 ↑	50.4 ↑
Customs clearance efficiency	- -	40.8 ↓	39.8 ↓	44.2 ↓
Connect				
State of cluster development				61.6 ↑
Extent of marketing				**79.8** ↑
Local supplier quality				75.8 ↑
University-industry collaboration in R&D				60.8 ↑
Change				
Access to finance	68.4 ↑	57.0 ↑	**100.0** ↑	67.0 ↑
Access to educated workforce	30.3 ↓	45.6 ↑	39.0 ↑	34.3 ↑
Business licensing and permits	51.5 ↓	47.2 ↓	28.6 ↓	48.1 ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	79.1 ↑
Ease of trading across borders	63.5 ↑
Applied tariff, trade-weighted average	70.8 ↑
Prevalence of technical regulations	36.3 -
Faced tariff, trade-weighted average	47.9 ↑
Logistics performance index	48.9 ↓
ISO 9001 quality certificates	55.6 ↑
ISO 14001 environmental certificates	47.6 ↑
Governance index	46.6 ↑
Connect	
ICT access	44.8 ↓
ICT use	37.6 ↓
Government's online service	**79.8** ↑
Change	
Ease of getting credit	**92.4** ↑
Interest rate spread	48.6 ↑
School life expectancy	39.9 ↑
Ease of starting a business	53.6 ↑
Patent applications	**0.0** →
Trademark registrations	- -



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Guinea

Key indicators

Population (millions)	13.3
GDP ($ billions)	11.5
GDP per capita ($)	865.3
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-21.2
Tariff preference margin (percentage points)	1.1
Imports and exports (goods and services), share of GDP (%)	89.1
Services exports, share of total exports (%)	1.5
Geographic region	Africa
Country group	LDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.5	20.6	**17.8**
	Medium	43.0	35.6	39.4
	Large	49.9	**89.7**	40.6
	All	36.0	24.7	32.1
BUSINESS ECOSYSTEM		56.4	**82.9**	53.8
NATIONAL ENVIRONMENT		44.4	24.5	40.4
Reference level (a function of GDP per capita): 39.1				
Weaknesses are scores below: 19.5			**Strengths are scores above: 58.6**	

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

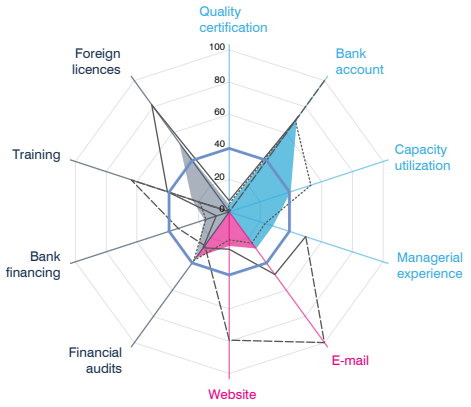
Compete	Small	Medium	Large	All
International quality certificate	**4.4**	**6.7**	**0.0**	**4.4**
Bank account	**69.6**	**72.8**	**100.0**	**71.1**
Capacity utilization	53.0	-	-	40.0
Managerial experience	23.2	49.6	49.6	28.5
Connect				
E-mail	23.9	48.0	**100.0**	28.3
Firm website	**17.3**	23.3	**79.5**	21.2
Change				
Audited financial statement	37.2	27.5	25.9	35.3
Investment financed by banks	**15.3**	**8.3**	33.3	**16.2**
Formal training programme	**18.6**	40.2	**62.7**	24.3
Foreign technology licences	**0.0**	**81.5**	-	52.6

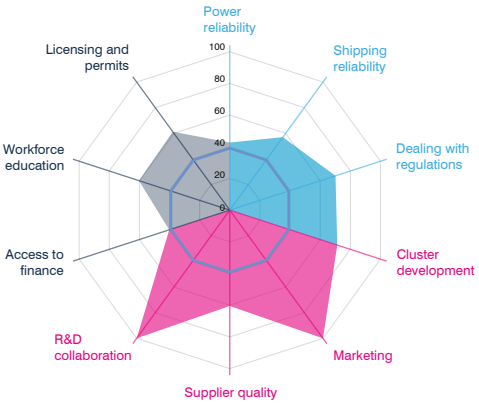
BUSINESS ECOSYSTEM (Normalized scores)

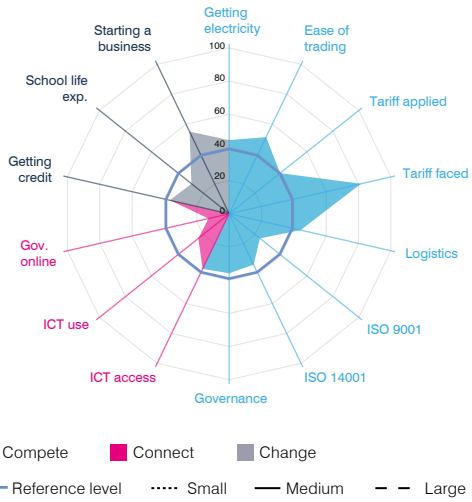
Compete	Small	Medium	Large	All
Power reliability	42.7	43.1	-	42.7
Domestic shipping reliability	50.0	**62.8**	-	56.7
Dealing with regulations	**71.3**	**69.2**	54.6	**69.7**
Customs clearance efficiency	-	-	-	-
Connect				
State of cluster development				**71.2**
Extent of marketing				**100.0**
Local supplier quality				**60.5**
University-industry collaboration in R&D				**100.0**
Change				
Access to finance	43.0	24.3	55.8	40.2
Access to educated workforce	**60.5**	56.5	**68.0**	**60.3**
Business licensing and permits	**64.3**	41.5	**73.5**	**61.0**

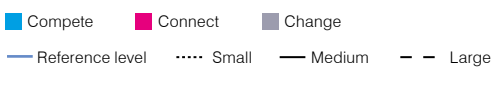
NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	44.5
Ease of trading across borders	51.3
Applied tariff, trade-weighted average	39.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**82.0**
Logistics performance index	44.2
ISO 9001 quality certificates	23.7
ISO 14001 environmental certificates	34.0
Governance index	35.8
Connect	
ICT access	36.8
ICT use	23.8
Government's online service	**12.8**
Change	
Ease of getting credit	36.9
Interest rate spread	-
School life expectancy	29.1
Ease of starting a business	55.4
Patent applications	-
Trademark registrations	-









Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Honduras

Key indicators

Population (millions)	8.4
GDP ($ billions)	23.8
GDP per capita ($)	2829.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-3.2
Tariff preference margin (percentage points)	9.1
Imports and exports (goods and services), share of GDP (%)	76.9
Services exports, share of total exports (%)	36.6
Geographic region	Americas
Country group	
Income group	Lower-middle income

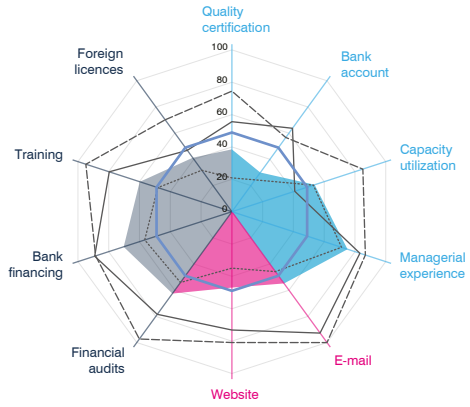
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	42.4	40.4	47.6
	Medium	60.9	**82.9**	**73.5**
	Large	**75.8**	**90.4**	**87.8**
	All	49.3	50.9	58.5
BUSINESS ECOSYSTEM		45.4	57.6	**20.9**
NATIONAL ENVIRONMENT		55.8	41.5	44.4
Reference level (a function of GDP per capita): 48.9				
Weaknesses are scores below: 24.5			**Strengths are scores above: 73.4**	

SME Competitiveness Grid

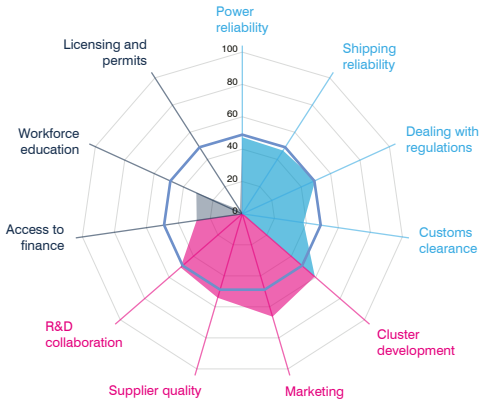
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**20.8**	55.6	**74.5**	38.5
Bank account	**24.3**	63.7	56.7	29.9
Capacity utilization	53.0	40.9	**85.1**	53.8
Managerial experience	71.3	**83.2**	**87.1**	**75.2**
Connect				
E-mail	45.8	**92.7**	**100.0**	54.8
Firm website	34.9	73.1	**80.9**	47.0
Change				
Audited financial statement	54.1	**78.4**	**97.5**	62.6
Investment financed by banks	56.6	**89.1**	**88.7**	70.3
Formal training programme	48.2	**79.7**	**94.9**	59.9
Foreign technology licences	31.6	46.9	70.1	41.2



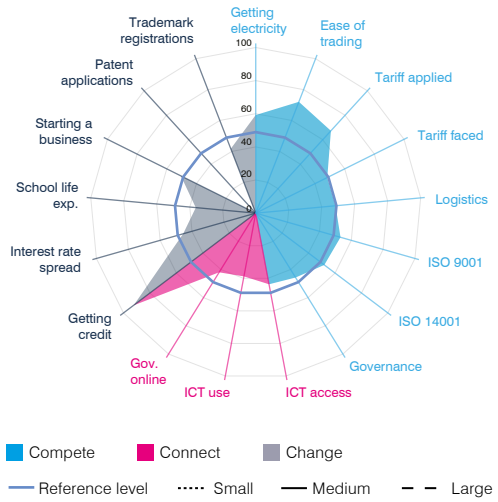
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	46.8	50.0	45.3	47.3
Domestic shipping reliability	46.5	39.6	**85.7**	46.5
Dealing with regulations	50.1	48.3	49.6	49.6
Customs clearance efficiency	-	38.4	56.3	38.2
Connect				
State of cluster development				59.3
Extent of marketing				66.3
Local supplier quality				54.2
University-industry collaboration in R&D				50.6
Change				
Access to finance	**21.4**	44.1	**80.0**	28.6
Access to educated workforce	29.2	41.2	26.9	31.3
Business licensing and permits	**1.7**	**5.1**	**8.1**	**2.8**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	59.4
Ease of trading across borders	72.4
Applied tariff, trade-weighted average	67.4
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	48.2
Logistics performance index	48.4
ISO 9001 quality certificates	53.2
ISO 14001 environmental certificates	51.9
Governance index	45.7
Connect	
ICT access	43.7
ICT use	38.8
Government's online service	42.0
Change	
Ease of getting credit	**92.4**
Interest rate spread	45.5
School life expectancy	36.3
Ease of starting a business	50.4
Patent applications	**0.0**
Trademark registrations	41.7



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Hungary

Key indicators

Population (millions)	9.8
GDP ($ billions)	156.4
GDP per capita ($)	16016.0
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	2.3
Tariff preference margin (percentage points)	1.7
Imports and exports (goods and services), share of GDP (%)	188.1
Services exports, share of total exports (%)	18.8
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	60.2	54.1	35.3
	Medium	65.0	70.1	48.6
	Large	71.8	68.4	54.1
	All	62.4	58.3	40.4
BUSINESS ECOSYSTEM		50.5	51.4	74.2
NATIONAL ENVIRONMENT		76.5	62.8	70.5

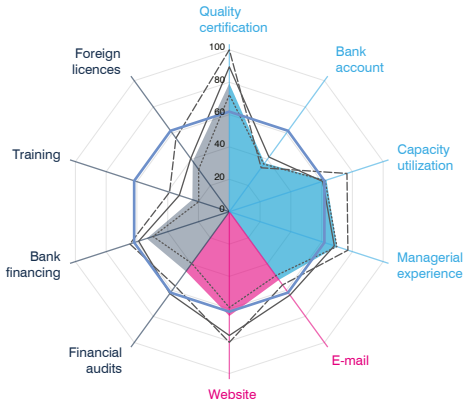
Reference level (a function of GDP per capita): 61.8

Weaknesses are scores below: 30.9 | **Strengths are scores above: 92.7**

SME Competitiveness Grid

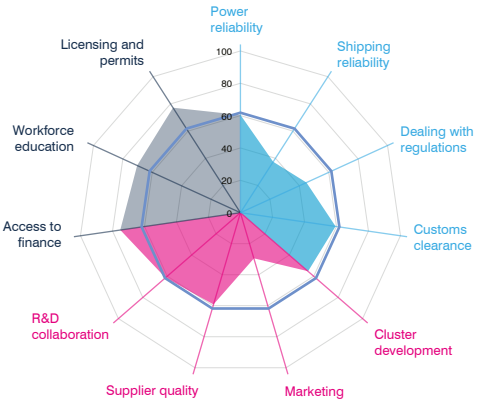
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	72.3	89.5	**100.0**	79.3
Bank account	36.3	41.7	33.6	37.2
Capacity utilization	62.3	60.7	76.5	63.2
Managerial experience	69.9	68.3	77.1	69.9
Connect				
E-mail	48.9	63.8	56.0	52.1
Firm website	59.2	76.5	80.8	64.5
Change				
Audited financial statement	39.5	62.6	56.8	45.6
Investment financed by banks	49.6	58.9	64.6	53.6
Formal training programme	**19.9**	32.4	38.8	**24.0**
Foreign technology licences	32.2	40.5	56.1	38.4



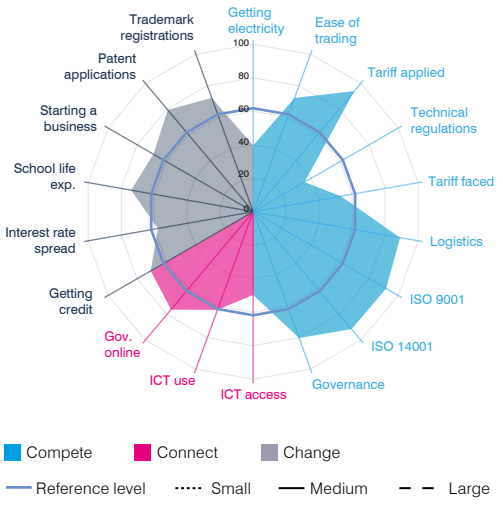
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	62.4	82.8	36.8	60.4
Domestic shipping reliability	52.0	**28.1**	-	37.4
Dealing with regulations	44.4	43.5	56.2	44.8
Customs clearance efficiency	-	-	67.5	59.4
Connect				
State of cluster development				55.3
Extent of marketing				**29.5**
Local supplier quality				59.2
University-industry collaboration in R&D				61.4
Change				
Access to finance	72.1	88.6	69.2	75.1
Access to educated workforce	66.3	91.3	56.5	70.3
Business licensing and permits	79.6	67.2	**100.0**	77.2



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	39.6
Ease of trading across borders	72.3
Applied tariff, trade-weighted average	**94.0**
Prevalence of technical regulations	35.4
Faced tariff, trade-weighted average	53.3
Logistics performance index	89.1
ISO 9001 quality certificates	91.7
ISO 14001 environmental certificates	91.5
Governance index	80.2
Connect	
ICT access	49.7
ICT use	62.3
Government's online service	76.3
Change	
Ease of getting credit	70.6
Interest rate spread	57.7
School life expectancy	74.0
Ease of starting a business	68.8
Patent applications	79.4
Trademark registrations	72.3



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Indonesia

Key indicators

Population (millions)	265.3
GDP ($ billions)	1005.3
GDP per capita ($)	3789.0
Share of world GDP (PPP$, %)	2.6
Current account surplus/deficit, share of GDP (%)	-2.4
Tariff preference margin (percentage points)	3.2
Imports and exports (goods and services), share of GDP (%)	37.8
Services exports, share of total exports (%)	12.7
Geographic region	Asia
Country group	
Income group	Lower-middle income

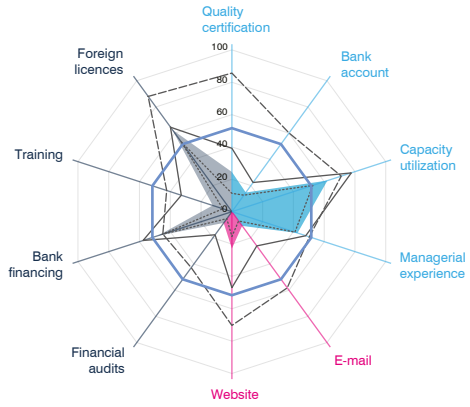
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	29.4	**11.2**	27.5
	Medium	46.8	36.6	43.2
	Large	66.8	64.3	54.5
	All	36.0	**16.8**	32.9
BUSINESS ECOSYSTEM		59.1	**79.4**	64.9
NATIONAL ENVIRONMENT		73.1	47.7	48.0
Reference level (a function of GDP per capita): 51.6				
Weaknesses are scores below: 25.8			**Strengths are scores above: 77.4**	

SME Competitiveness Grid

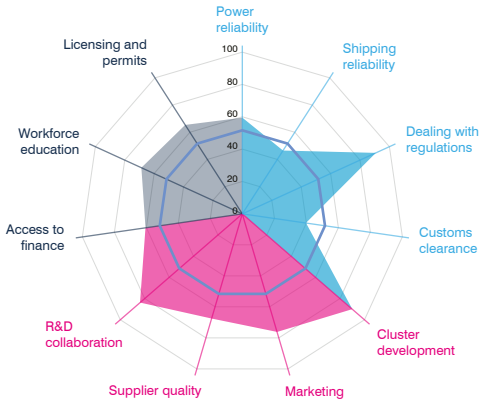
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**11.3**	39.2	**85.6**	**24.6**
Bank account	**12.7**	**22.3**	60.1	**14.6**
Capacity utilization	52.6	**77.6**	71.1	62.1
Managerial experience	41.0	48.0	50.4	42.7
Connect				
E-mail	**7.2**	26.2	58.3	**10.8**
Firm website	**15.3**	47.0	70.3	**22.8**
Change				
Audited financial statement	**5.3**	**17.6**	42.7	**8.6**
Investment financed by banks	45.3	57.7	44.8	48.1
Formal training programme	**5.8**	32.8	42.4	**12.4**
Foreign technology licences	53.4	64.5	**88.0**	62.6



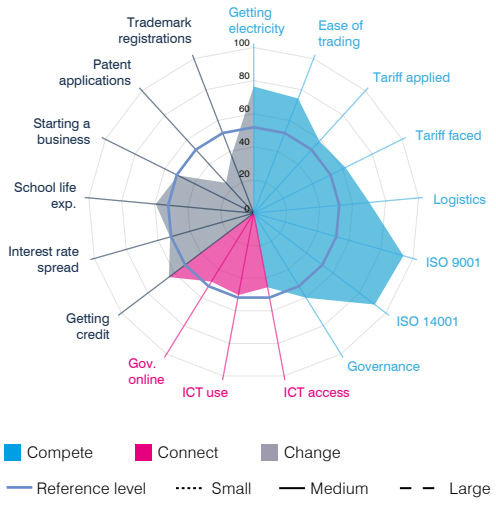
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	59.5	58.6	75.5	59.5
Domestic shipping reliability	42.1	50.0	71.3	46.5
Dealing with regulations	**90.8**	**95.0**	**86.1**	**90.8**
Customs clearance efficiency	-	47.5	37.1	39.8
Connect				
State of cluster development				**90.0**
Extent of marketing				76.2
Local supplier quality				67.6
University-industry collaboration in R&D				**83.8**
Change				
Access to finance	63.4	49.4	57.8	60.5
Access to educated workforce	71.2	59.8	63.0	68.7
Business licensing and permits	67.5	58.3	53.0	65.4



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	75.8
Ease of trading across borders	73.6
Applied tariff, trade-weighted average	58.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	61.8
Logistics performance index	70.0
ISO 9001 quality certificates	**93.9**
ISO 14001 environmental certificates	**91.5**
Governance index	60.0
Connect	
ICT access	45.5
ICT use	49.6
Government's online service	47.9
Change	
Ease of getting credit	63.6
Interest rate spread	52.5
School life expectancy	59.1
Ease of starting a business	51.1
Patent applications	**24.8**
Trademark registrations	37.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Technical Annex.

Kazakhstan

Key indicators

Population (millions)	18.5
GDP ($ billions)	184.2
GDP per capita ($)	9977.4
Share of world GDP (PPP$, %)	0.4
Current account surplus/deficit, share of GDP (%)	-0.2
Tariff preference margin (percentage points)	1.7
Imports and exports (goods and services), share of GDP (%)	59.6
Services exports, share of total exports (%)	11.8
Geographic region	Asia
Country group	LLDC
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	40.3	49.6	**24.5**
	Medium	49.8	60.6	34.9
	Large	65.8	81.3	50.2
	All	46.2	55.8	32.2
BUSINESS ECOSYSTEM		55.9	48.5	70.8
NATIONAL ENVIRONMENT		50.4	67.0	66.9

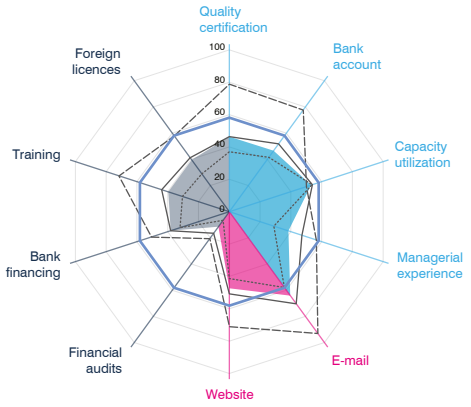
Reference level (a function of GDP per capita): 58.1

Weaknesses are scores below: 29.0 | **Strengths are scores above: 87.1**

SME Competitiveness Grid

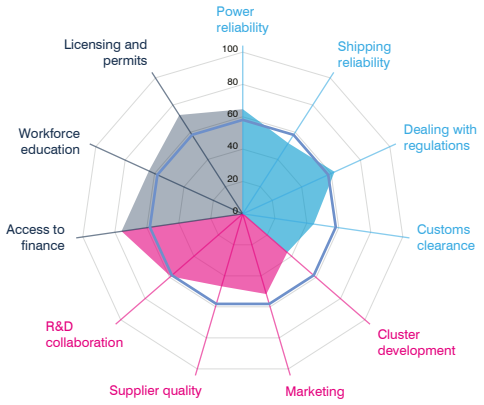
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	37.0	46.4	78.9	46.4
Bank account	41.5	51.8	77.8	46.6
Capacity utilization	53.8	54.0	50.1	53.2
Managerial experience	**29.0**	47.2	56.5	38.4
Connect				
E-mail	57.9	70.4	**91.5**	64.2
Firm website	41.3	50.8	71.1	47.4
Change				
Audited financial statement	**6.5**	**16.5**	**20.6**	**11.5**
Investment financed by banks	32.0	38.1	50.6	38.1
Formal training programme	30.4	43.9	71.8	39.6
Foreign technology licences	**28.8**	41.2	58.0	39.6



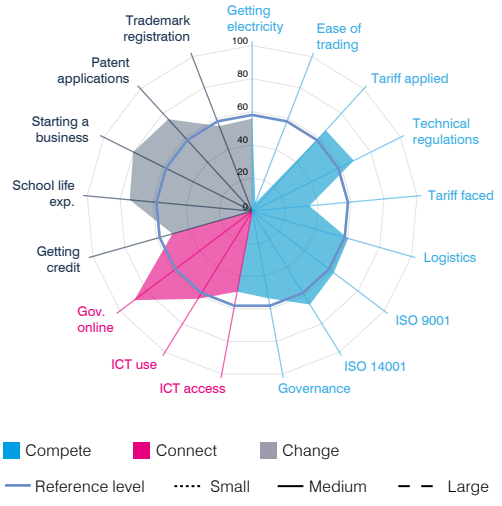
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	63.5	64.7	71.8	64.7
Domestic shipping reliability	56.7	48.2	59.5	52.0
Dealing with regulations	65.4	58.2	60.1	62.4
Customs clearance efficiency	-	-	53.4	44.4
Connect				
State of cluster development				36.4
Extent of marketing				51.7
Local supplier quality				46.8
University-industry collaboration in R&D				59.1
Change				
Access to finance	75.4	77.2	72.1	75.8
Access to educated workforce	68.7	60.5	50.6	63.8
Business licensing and permits	86.7	58.9	69.8	72.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	55.9
Ease of trading across borders	**5.2**
Applied tariff, trade-weighted average	66.0
Prevalence of technical regulations	68.6
Faced tariff, trade-weighted average	34.7
Logistics performance index	60.2
ISO 9001 quality certificates	61.8
ISO 14001 environmental certificates	66.3
Governance index	53.5
Connect	
ICT access	49.5
ICT use	62.3
Government's online service	**89.2**
Change	
Ease of getting credit	50.0
Interest rate spread	-
School life expectancy	74.3
Ease of starting a business	80.2
Patent applications	75.1
Trademark registrations	55.0



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Kenya

Key indicators

Population (millions)	48.0
GDP ($ billions)	89.6
GDP per capita ($)	1865.2
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-5.6
Tariff preference margin (percentage points)	6.9
Imports and exports (goods and services), share of GDP (%)	38.3
Services exports, share of total exports (%)	46.3
Geographic region	Africa
Country group	
Income group	Lower-middle income

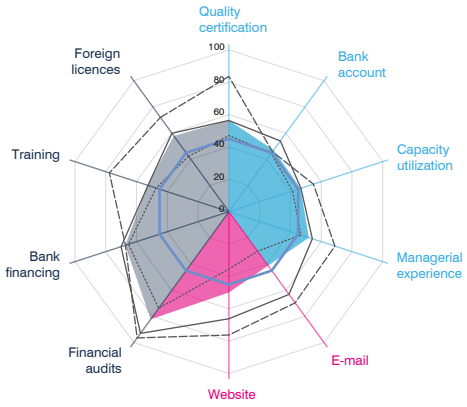
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	45.0	32.8	57.2
	Medium	52.9	64.7	**68.9**
	Large	63.4	**73.0**	**78.3**
	All	50.5	45.6	65.1
BUSINESS ECOSYSTEM		39.4	**76.6**	44.4
NATIONAL ENVIRONMENT		59.5	49.6	42.8
Reference level (a function of GDP per capita): 45.0				
Weaknesses are scores below: 22.5		**Strengths are scores above: 67.5**		

SME Competitiveness Grid

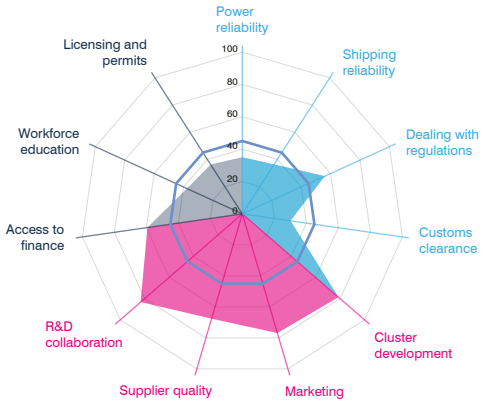
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	47.0	56.4	**83.6**	56.5
Bank account	44.5	54.1	45.9	47.1
Capacity utilization	41.5	46.8	55.0	46.7
Managerial experience	46.8	54.3	**68.9**	52.0
Connect				
E-mail	30.2	63.2	**69.7**	41.3
Firm website	35.4	66.2	**76.2**	49.9
Change				
Audited financial statement	**73.8**	**93.0**	**96.4**	**82.3**
Investment financed by banks	65.2	**70.0**	67.2	67.3
Formal training programme	47.3	52.5	**77.6**	52.9
Foreign technology licences	42.3	59.9	**72.0**	57.9



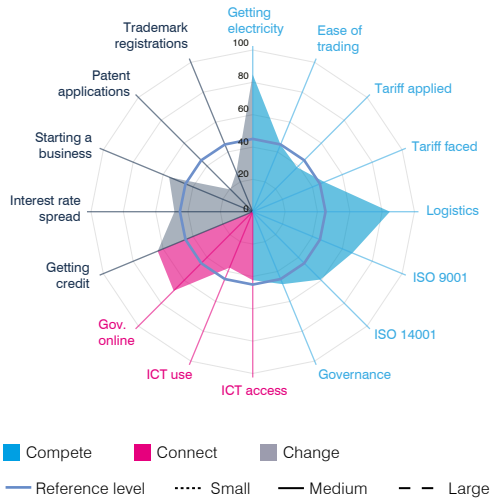
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	35.3	36.2	30.5	35.0
Domestic shipping reliability	28.8	52.0	37.4	36.3
Dealing with regulations	57.9	53.9	53.6	56.2
Customs clearance efficiency	-	31.2	33.0	30.1
Connect				
State of cluster development				**78.7**
Extent of marketing				**76.9**
Local supplier quality				**67.6**
University-industry collaboration in R&D				**83.3**
Change				
Access to finance	63.0	55.4	51.6	59.3
Access to educated workforce	33.0	49.8	34.1	37.7
Business licensing and permits	36.2	38.3	31.1	36.2



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**84.9**
Ease of trading across borders	44.9
Applied tariff, trade-weighted average	38.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	48.0
Logistics performance index	**84.8**
ISO 9001 quality certificates	66.7
ISO 14001 environmental certificates	59.3
Governance index	48.5
Connect	
ICT access	42.4
ICT use	37.4
Government's online service	**69.1**
Change	
Ease of getting credit	63.6
Interest rate spread	48.4
School life expectancy	-
Ease of starting a business	55.9
Patent applications	**19.5**
Trademark registrations	26.5



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Kyrgyzstan

Key indicators

Population (millions)	6.4
GDP ($ billions)	8.0
GDP per capita ($)	1254.1
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-12.3
Tariff preference margin (percentage points)	3.3
Imports and exports (goods and services), share of GDP (%)	105.0
Services exports, share of total exports (%)	32.1
Geographic region	Asia
Country group	LLDC
Income group	Lower-middle income

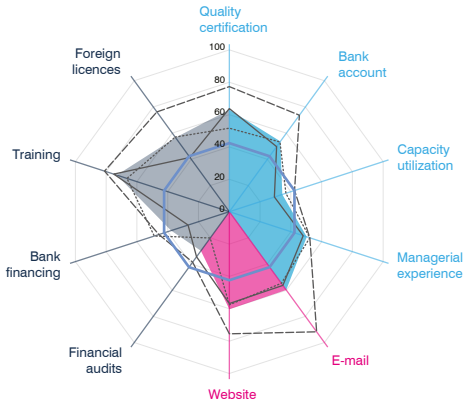
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	48.5	56.1	48.1
	Medium	47.7	56.5	44.5
	Large	61.4	**83.7**	60.4
	All	50.4	60.1	49.3
BUSINESS ECOSYSTEM		45.9	39.7	48.4
NATIONAL ENVIRONMENT		36.2	49.3	56.4
Reference level (a function of GDP per capita): 42.4				
Weaknesses are scores below: 21.2		**Strengths are scores above: 63.5**		

SME Competitiveness Grid

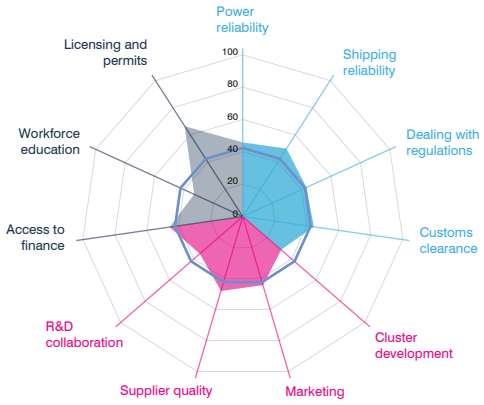
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	51.6	**63.7**	**77.4**	63.0
Bank account	53.4	49.7	**73.7**	53.7
Capacity utilization	36.8	29.3	42.4	34.5
Managerial experience	52.3	48.0	52.3	50.4
Connect				
E-mail	54.7	56.3	**91.9**	59.8
Firm website	57.6	56.8	**75.5**	60.3
Change				
Audited financial statement	**20.1**	34.5	38.6	29.9
Investment financed by banks	48.7	26.8	45.8	37.8
Formal training programme	**66.6**	**75.2**	**81.1**	**73.1**
Foreign technology licences	57.0	41.4	**76.2**	56.6



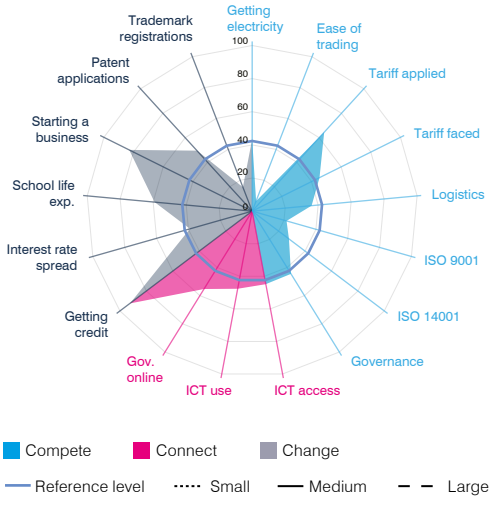
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	48.3	40.8	55.3	45.8
Domestic shipping reliability	**85.7**	34.4	**100.0**	50.0
Dealing with regulations	42.2	42.2	48.8	43.3
Customs clearance efficiency	-	-	-	44.4
Connect				
State of cluster development				31.4
Extent of marketing				44.2
Local supplier quality				48.0
University-industry collaboration in R&D				35.2
Change				
Access to finance	53.6	43.0	37.9	45.8
Access to educated workforce	34.5	31.8	33.8	33.1
Business licensing and permits	**72.3**	**68.3**	52.0	**66.4**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	43.4
Ease of trading across borders	**6.5**
Applied tariff, trade-weighted average	**64.6**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	45.4
Logistics performance index	36.1
ISO 9001 quality certificates	21.6
ISO 14001 environmental certificates	27.9
Governance index	44.5
Connect	
ICT access	44.8
ICT use	47.7
Government's online service	55.3
Change	
Ease of getting credit	**92.4**
Interest rate spread	39.1
School life expectancy	59.2
Ease of starting a business	**82.9**
Patent applications	49.4
Trademark registrations	**15.5**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Lao People's Democratic Republic

Key indicators

Population (millions)	6.8
GDP ($ billions)	18.2
GDP per capita ($)	2690.2
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-13.9
Tariff preference margin (percentage points)	4.5
Imports and exports (goods and services), share of GDP (%)	54.5
Services exports, share of total exports (%)	21.0
Geographic region	Asia
Country group	LDC, LLDC
Income group	Lower-middle income

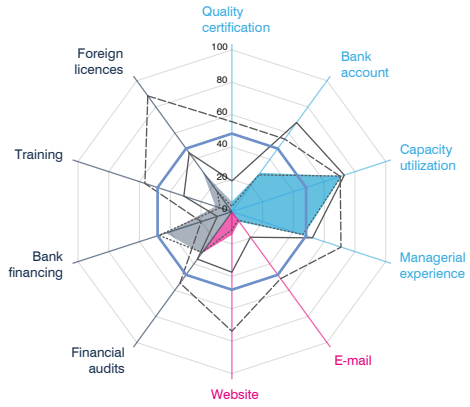
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.1	**8.8**	25.4
	Medium	53.1	28.5	30.4
	Large	63.1	62.6	54.8
	All	38.5	**11.0**	29.0
BUSINESS ECOSYSTEM		71.0	57.2	72.1
NATIONAL ENVIRONMENT		47.9	39.7	34.7
Reference level (a function of GDP per capita): 48.3				
Weaknesses are scores below: 24.1			**Strengths are scores above: 72.4**	

SME Competitiveness Grid

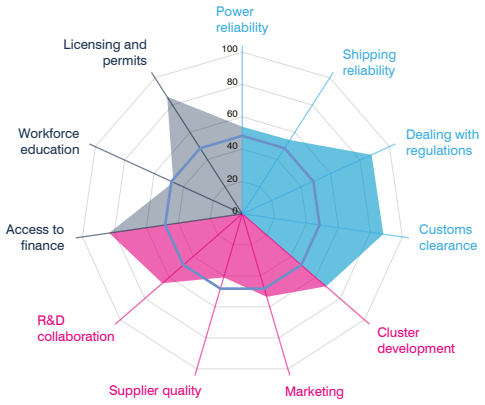
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**3.2**	**19.0**	55.6	**6.1**
Bank account	28.1	68.1	55.5	29.7
Capacity utilization	71.1	**73.1**	70.4	71.5
Managerial experience	46.0	52.3	70.9	46.8
Connect				
E-mail	**6.5**	**19.5**	51.3	**7.8**
Firm website	**11.2**	37.4	**73.9**	**14.3**
Change				
Audited financial statement	31.2	36.2	54.5	31.9
Investment financed by banks	47.4	**9.5**	**19.9**	42.9
Formal training programme	**7.8**	31.2	56.5	**10.6**
Foreign technology licences	**15.2**	44.9	**88.4**	30.7



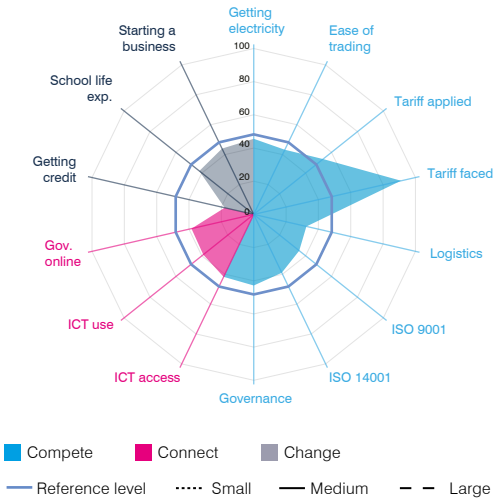
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	53.1	62.4	51.8	53.8
Domestic shipping reliability	50.0	66.6	62.8	54.2
Dealing with regulations	**88.8**	**82.1**	71.3	**87.9**
Customs clearance efficiency	-	**94.6**	-	**88.1**
Connect				
State of cluster development				68.6
Extent of marketing				53.5
Local supplier quality				41.0
University-industry collaboration in R&D				65.5
Change				
Access to finance	**82.7**	**86.1**	**97.0**	**83.3**
Access to educated workforce	46.9	50.6	33.1	46.9
Business licensing and permits	**86.1**	**85.5**	**100.0**	**86.1**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	45.6
Ease of trading across borders	43.3
Applied tariff, trade-weighted average	53.5
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**91.1**
Logistics performance index	32.6
ISO 9001 quality certificates	35.1
ISO 14001 environmental certificates	39.0
Governance index	42.9
Connect	
ICT access	41.8
ICT use	38.9
Government's online service	38.5
Change	
Ease of getting credit	**18.0**
Interest rate spread	-
School life expectancy	42.0
Ease of starting a business	44.0
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Latvia

Key indicators

Population (millions)	1.9
GDP ($ billions)	34.3
GDP per capita ($)	17634.4
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-2.0
Tariff preference margin (percentage points)	0.6
Imports and exports (goods and services), share of GDP (%)	123.0
Services exports, share of total exports (%)	30.0
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	44.8	55.2	36.8
	Medium	56.1	85.3	39.3
	Large	59.1	89.3	57.4
	All	48.4	62.9	38.0
BUSINESS ECOSYSTEM		76.6	61.5	62.4
NATIONAL ENVIRONMENT		78.5	63.1	76.3

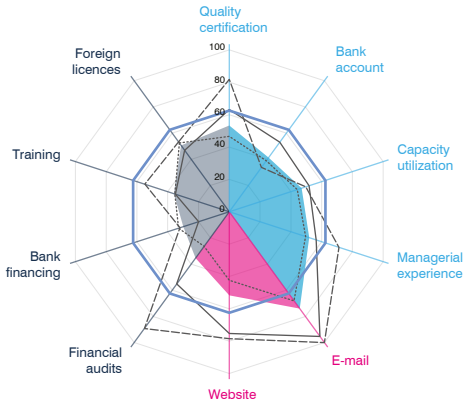
Reference level (a function of GDP per capita): 62.5

Weaknesses are scores below: 31.2 | **Strengths are scores above: 93.7**

SME Competitiveness Grid

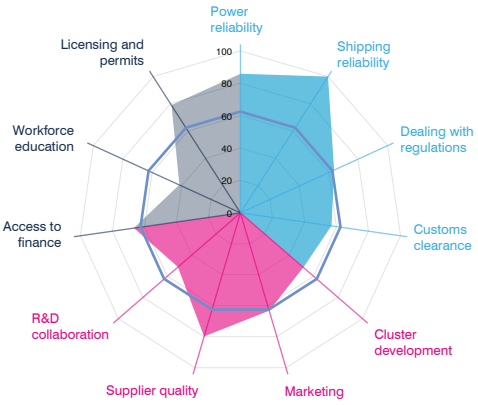
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	46.5	63.1	81.8	53.3
Bank account	38.9	53.1	33.8	41.3
Capacity utilization	44.2	51.8	49.7	47.0
Managerial experience	49.6	56.5	71.3	52.0
Connect				
E-mail	68.1	**95.3**	**100.0**	74.0
Firm website	42.4	75.2	78.6	51.7
Change				
Audited financial statement	**26.5**	55.2	89.2	35.5
Investment financed by banks	33.0	**19.9**	32.0	**30.0**
Formal training programme	35.4	35.0	54.9	36.0
Foreign technology licences	52.6	46.9	53.4	50.7



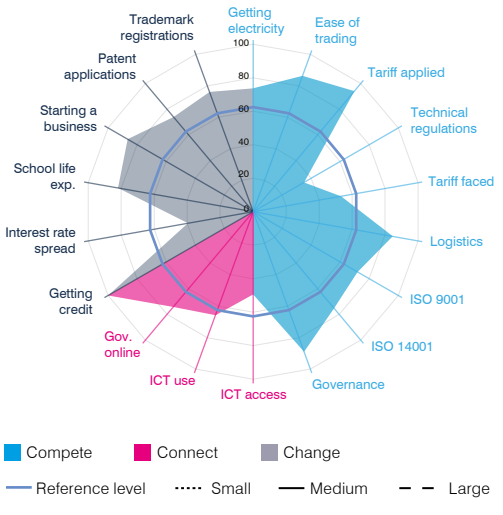
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	82.8	89.6	82.8	85.9
Domestic shipping reliability	**100.0**	**100.0**	**100.0**	**100.0**
Dealing with regulations	68.7	52.7	54.9	63.7
Customs clearance efficiency	47.8	60.2	72.3	57.0
Connect				
State of cluster development				51.6
Extent of marketing				63.3
Local supplier quality				79.8
University-industry collaboration in R&D				51.3
Change				
Access to finance	65.1	75.4	43.5	66.6
Access to educated workforce	46.5	**28.6**	52.7	41.6
Business licensing and permits	74.4	**97.6**	76.7	79.1



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	73.7
Ease of trading across borders	86.4
Applied tariff, trade-weighted average	**94.0**
Prevalence of technical regulations	35.1
Faced tariff, trade-weighted average	53.3
Logistics performance index	84.7
ISO 9001 quality certificates	71.9
ISO 14001 environmental certificates	75.3
Governance index	89.0
Connect	
ICT access	49.3
ICT use	65.8
Government's online service	74.2
Change	
Ease of getting credit	**100.0**
Interest rate spread	39.5
School life expectancy	82.0
Ease of starting a business	86.5
Patent applications	73.8
Trademark registrations	76.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Lesotho

Key indicators

Population (millions)	2.0
GDP ($ billions)	3.0
GDP per capita ($)	1465.5
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-6.0
Tariff preference margin (percentage points)	16.5
Imports and exports (goods and services), share of GDP (%)	100.4
Services exports, share of total exports (%)	3.7
Geographic region	Africa
Country group	LDC, LLDC
Income group	Lower-middle income

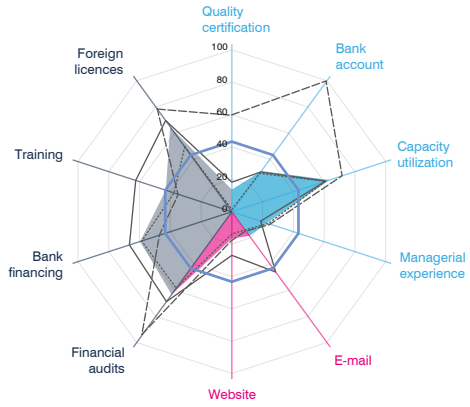
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	28.5	**13.9**	51.1
	Medium	32.1	36.5	**67.3**
	Large	64.3	**16.4**	63.4
	All	32.7	**17.6**	57.6
BUSINESS ECOSYSTEM		58.6	49.4	39.0
NATIONAL ENVIRONMENT		43.1	34.6	45.4
Reference level (a function of GDP per capita): 43.3				
Weaknesses are scores below: 21.6			**Strengths are scores above: 64.9**	

SME Competitiveness Grid

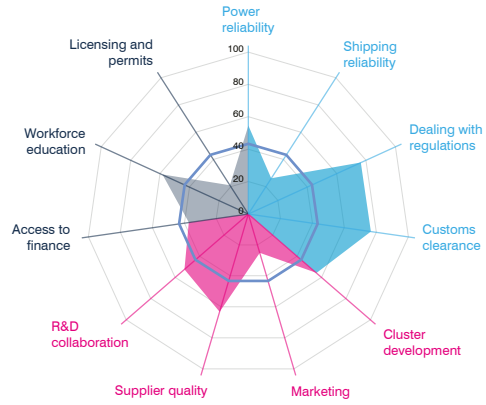
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**0.0**	**18.2**	59.8	**13.6**
Bank account	29.3	30.3	**100.0**	31.1
Capacity utilization	60.9	61.1	**72.2**	63.4
Managerial experience	23.7	**18.7**	25.2	22.7
Connect				
E-mail	**14.0**	46.1	**14.8**	**18.6**
Firm website	**13.8**	26.9	**18.0**	**16.7**
Change				
Audited financial statement	58.4	**69.2**	**93.7**	63.3
Investment financed by banks	58.6	**67.1**	46.5	59.6
Formal training programme	37.6	62.8	34.4	42.9
Foreign technology licences	49.6	**70.1**	**79.2**	64.8



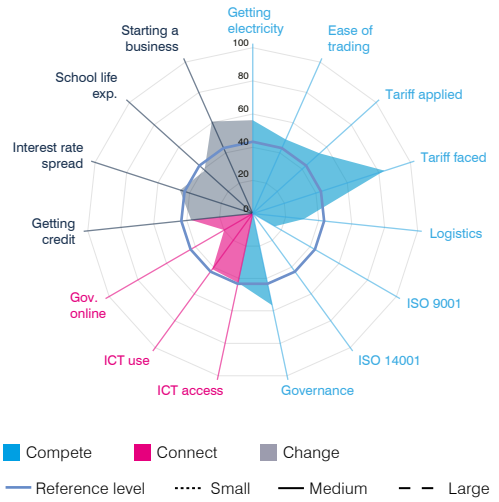
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	57.7	50.0	50.0	54.5
Domestic shipping reliability	30.3	22.7	**13.8**	26.2
Dealing with regulations	**76.5**	**74.1**	**84.4**	**76.5**
Customs clearance efficiency	-	-	**74.6**	**77.1**
Connect				
State of cluster development				55.8
Extent of marketing				25.2
Local supplier quality				63.6
University-industry collaboration in R&D				52.8
Change				
Access to finance	31.0	55.5	64.5	37.3
Access to educated workforce	60.9	50.5	58.8	58.5
Business licensing and permits	**16.0**	27.0	**75.8**	**21.2**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.0
Ease of trading across borders	48.6
Applied tariff, trade-weighted average	53.9
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**83.6**
Logistics performance index	31.0
ISO 9001 quality certificates	**15.5**
ISO 14001 environmental certificates	**0.0**
Governance index	56.6
Connect	
ICT access	42.6
ICT use	41.4
Government's online service	**19.8**
Change	
Ease of getting credit	36.9
Interest rate spread	45.7
School life expectancy	38.6
Ease of starting a business	60.2
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Liberia

Key indicators

Population (millions)	4.9
GDP ($ billions)	3.2
GDP per capita ($)	663.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-18.3
Tariff preference margin (percentage points)	0.8
Imports and exports (goods and services), share of GDP (%)	-
Services exports, share of total exports (%)	-
Geographic region	Africa
Country group	LDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	29.1 ↑	**10.7** ↑	26.2 ↓
	Medium	34.1 ↓	28.3 ↑	34.5 ↑
	Large	**64.9** ↑	35.4 ↓	55.2 ↑
	All	32.8 ↑	**17.6** ↑	35.3 ↑
BUSINESS ECOSYSTEM		46.8 ↓	47.5 ↓	38.0 ↓
NATIONAL ENVIRONMENT		40.2 ↑	33.1 ↑	**57.7** ↑

Reference level (a function of GDP per capita): 38.1

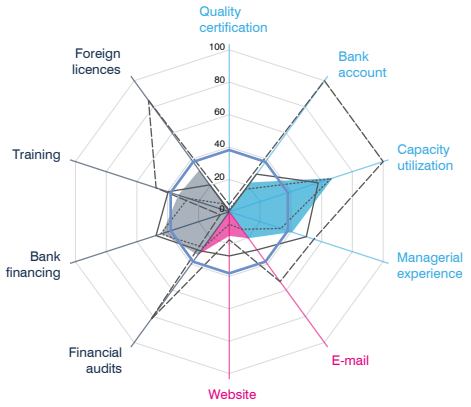
Weaknesses are scores below: 19.0 | **Strengths are scores above: 57.1**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

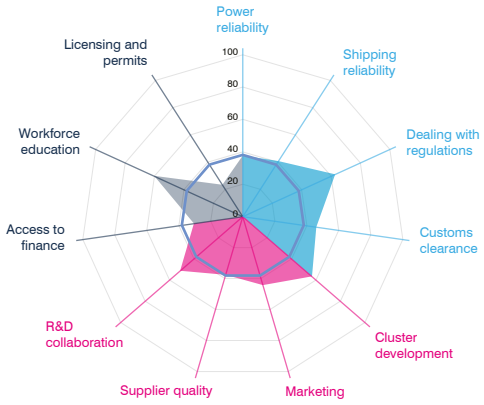
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**0.0** ↓	**0.0** ↓	**4.4** ↓	**0.7** ↓
Bank account	**17.1** ↓	28.7 ↑	**100.0** →	22.3 ↑
Capacity utilization	**65.9** ↑	**57.8** ↑	**100.0** -	**67.2** ↑
Managerial experience	33.6 ↑	50.0 ↑	55.0 ↑	41.0 ↑
Connect				
E-mail	**13.5** ↑	29.2 ↑	53.5 ↑	20.3 ↑
Firm website	**7.9** ↑	27.4 ↓	**17.3** ↓	**14.9** ↑
Change				
Audited financial statement	27.2 ↑	30.0 ↓	**82.4** ↑	33.0 ↑
Investment financed by banks	44.6 ↑	47.6 ↑	**6.0** ↑	43.6 ↑
Formal training programme	27.0 ↑	39.7 ↑	47.5 ↓	33.1 ↑
Foreign technology licences	**6.0** ↓	20.5 ↓	**84.9** -	31.6 ↓



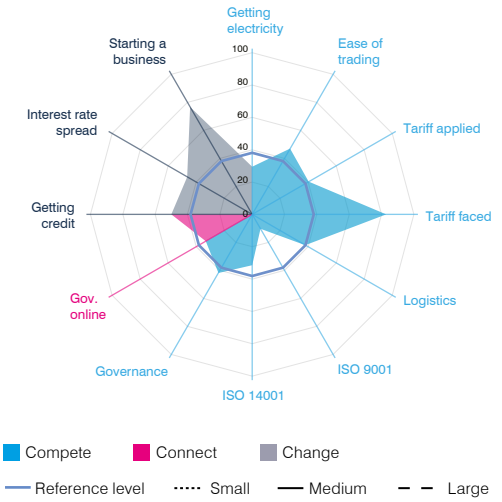
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	35.3 ↓	47.3 -	33.9 -	37.7 ↓
Domestic shipping reliability	32.7 -	**77.3** -	34.4 -	40.8 -
Dealing with regulations	**63.2** ↑	**63.2** ↑	55.8 ↑	**62.8** ↑
Customs clearance efficiency	- -	- -	- -	45.9 -
Connect				
State of cluster development				56.6 ↓
Extent of marketing				44.3 ↑
Local supplier quality				37.7 ↓
University-industry collaboration in R&D				51.3 ↓
Change				
Access to finance	32.4 ↓	22.9 ↓	51.8 ↑	30.6 ↓
Access to educated workforce	**65.7** ↓	50.6 ↓	**62.8** ↑	**60.3** ↓
Business licensing and permits	29.0 ↓	**15.4** ↓	**17.2** ↓	23.3 ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	29.4 ↑
Ease of trading across borders	47.0 ↑
Applied tariff, trade-weighted average	40.4 ↑
Prevalence of technical regulations	- -
Faced tariff, trade-weighted average	**82.9** ↑
Logistics performance index	38.0 ↓
ISO 9001 quality certificates	**10.3** ↑
ISO 14001 environmental certificates	31.4 -
Governance index	41.8 ↑
Connect	
ICT access	- -
ICT use	- -
Government's online service	33.1 ↑
Change	
Ease of getting credit	50.0 ↑
Interest rate spread	46.4 ↑
School life expectancy	- -
Ease of starting a business	**76.7** ↑
Patent applications	- -
Trademark registrations	- -



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2009 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Lithuania

Key indicators

Population (millions)	2.8
GDP ($ billions)	52.5
GDP per capita ($)	18856.9
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	0.3
Tariff preference margin (percentage points)	0.9
Imports and exports (goods and services), share of GDP (%)	160.4
Services exports, share of total exports (%)	24.5
Geographic region	Europe
Country group	
Income group	High income

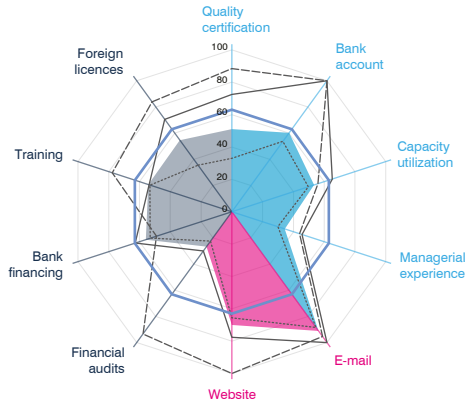
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	41.6	77.0	41.1
	Medium	70.8	88.9	54.3
	Large	72.1	**97.7**	76.0
	All	49.8	80.6	47.9
BUSINESS ECOSYSTEM		73.6	71.2	50.5
NATIONAL ENVIRONMENT		80.8	69.7	80.8
Reference level (a function of GDP per capita): 63.0				
Weaknesses are scores below: 31.5			**Strengths are scores above: 94.5**	

SME Competitiveness Grid

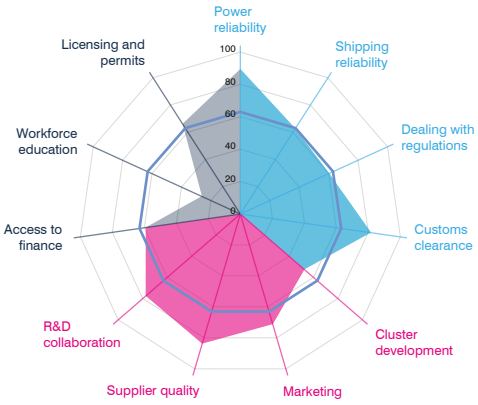
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	33.0	72.5	88.4	51.0
Bank account	53.7	**100.0**	**100.0**	60.1
Capacity utilization	49.7	65.3	56.0	53.4
Managerial experience	**29.9**	45.6	43.9	34.5
Connect				
E-mail	88.4	**100.0**	**95.3**	91.1
Firm website	65.6	77.7	**100.0**	70.0
Change				
Audited financial statement	**22.4**	**30.0**	93.4	**26.7**
Investment financed by banks	53.1	62.8	48.9	55.9
Formal training programme	53.2	53.7	77.7	54.3
Foreign technology licences	35.6	70.5	83.8	54.6



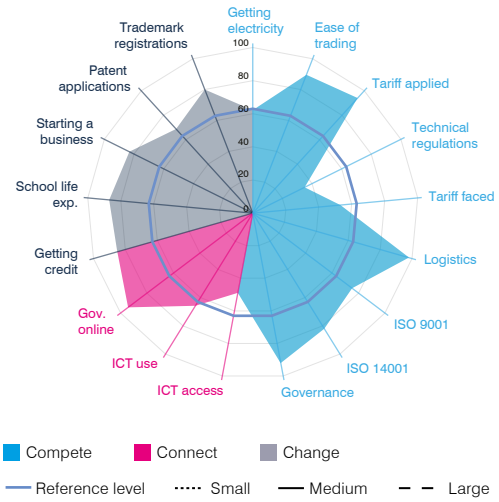
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**100.0**	80.1	82.8	89.6
Domestic shipping reliability	59.5	66.6	85.7	62.8
Dealing with regulations	66.3	48.8	55.8	60.4
Customs clearance efficiency	87.5	78.8	64.1	81.7
Connect				
State of cluster development				52.5
Extent of marketing				71.2
Local supplier quality				83.7
University-industry collaboration in R&D				77.4
Change				
Access to finance	64.5	47.3	55.0	59.2
Access to educated workforce	33.0	**14.0**	**6.8**	**26.2**
Business licensing and permits	69.4	56.5	**100.0**	66.1



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	62.2
Ease of trading across borders	89.6
Applied tariff, trade-weighted average	94.0
Prevalence of technical regulations	35.0
Faced tariff, trade-weighted average	53.3
Logistics performance index	**98.1**
ISO 9001 quality certificates	75.1
ISO 14001 environmental certificates	82.0
Governance index	92.1
Connect	
ICT access	49.0
ICT use	65.7
Government's online service	94.4
Change	
Ease of getting credit	85.0
Interest rate spread	-
School life expectancy	87.0
Ease of starting a business	83.1
Patent applications	68.7
Trademark registrations	80.0



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Madagascar

Key indicators

Population (millions)	26.3
GDP ($ billions)	12.5
GDP per capita ($)	474.8
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-2.2
Tariff preference margin (percentage points)	5.7
Imports and exports (goods and services), share of GDP (%)	74.8
Services exports, share of total exports (%)	34.5
Geographic region	Africa
Country group	LDC
Income group	Low income

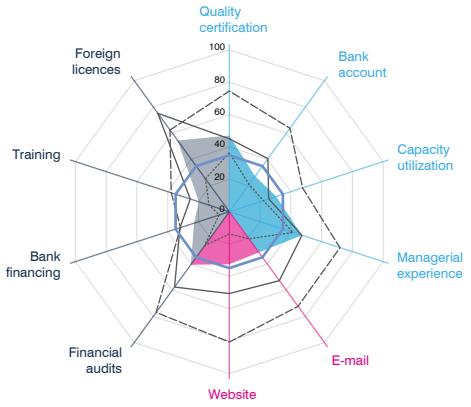
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	30.2	**17.2**	17.7
	Medium	39.6	51.7	47.5
	Large	**64.5**	**76.4**	52.2
	All	38.0	31.8	34.4
BUSINESS ECOSYSTEM		35.1	49.4	**68.5**
NATIONAL ENVIRONMENT		46.9	27.5	33.7
Reference level (a function of GDP per capita): 34.9				
Weaknesses are scores below: 17.4			**Strengths are scores above: 52.3**	

SME Competitiveness Grid

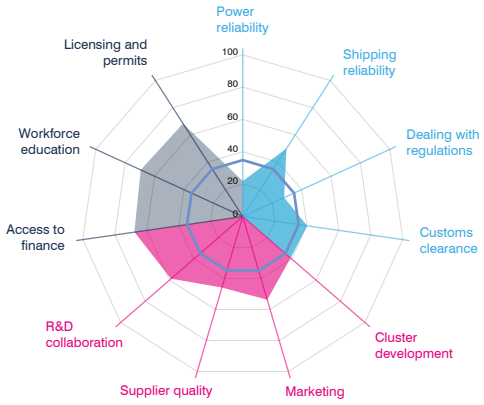
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	36.3	45.0	**74.6**	47.0
Bank account	20.8	40.6	**63.7**	27.1
Capacity utilization	22.2	25.6	47.6	30.5
Managerial experience	41.4	47.2	**71.9**	47.2
Connect				
E-mail	20.7	**52.7**	**72.3**	31.1
Firm website	**13.8**	50.6	**80.6**	32.5
Change				
Audited financial statement	26.0	**57.6**	**77.0**	40.5
Investment financed by banks	**6.6**	32.0	31.7	22.9
Formal training programme	**13.2**	25.4	37.8	19.7
Foreign technology licences	25.1	**75.1**	**62.4**	**54.3**



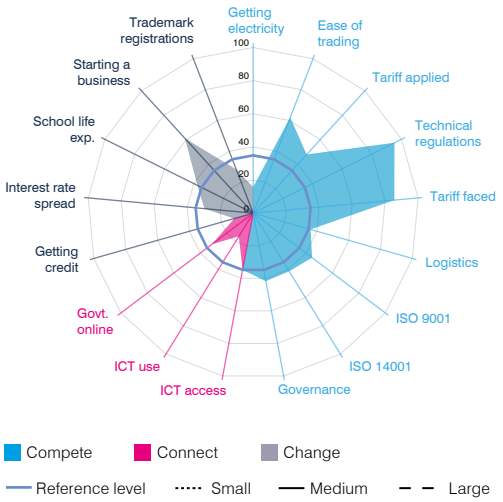
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	18.3	27.6	29.9	21.9
Domestic shipping reliability	52.0	52.0	44.9	50.0
Dealing with regulations	27.7	25.3	40.3	28.1
Customs clearance efficiency	39.2	37.9	40.1	40.2
Connect				
State of cluster development				39.2
Extent of marketing				**53.7**
Local supplier quality				45.8
University-industry collaboration in R&D				**58.8**
Change				
Access to finance	**77.6**	51.9	**68.2**	**67.8**
Access to educated workforce	**78.9**	49.5	**76.5**	**69.4**
Business licensing and permits	**76.7**	**57.7**	**58.9**	**68.3**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**15.8**
Ease of trading across borders	**62.0**
Applied tariff, trade-weighted average	47.9
Prevalence of technical regulations	**95.3**
Faced tariff, trade-weighted average	**85.6**
Logistics performance index	36.0
ISO 9001 quality certificates	44.6
ISO 14001 environmental certificates	41.3
Governance index	41.8
Connect	
ICT access	34.9
ICT use	**16.5**
Government's online service	31.3
Change	
Ease of getting credit	**11.9**
Interest rate spread	29.6
School life expectancy	37.6
Ease of starting a business	**61.1**
Patent applications	-
Trademark registrations	28.3



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Malawi

Key indicators

Population (millions)	19.7
GDP ($ billions)	6.9
GDP per capita ($)	349.1
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-9.3
Tariff preference margin (percentage points)	7.3
Imports and exports (goods and services), share of GDP (%)	52.6
Services exports, share of total exports (%)	9.9
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

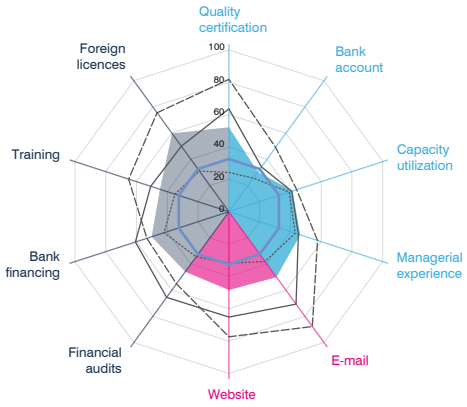
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	33.1	35.0	35.7
	Medium	46.0	**67.9**	**56.7**
	Large	**58.1**	**82.5**	**62.2**
	All	42.6	**49.2**	**50.2**
BUSINESS ECOSYSTEM		41.5	38.1	**51.0**
NATIONAL ENVIRONMENT		46.6	29.9	34.4
Reference level (a function of GDP per capita): 32.6				
Weaknesses are scores below: 16.3			**Strengths are scores above: 48.8**	

SME Competitiveness Grid

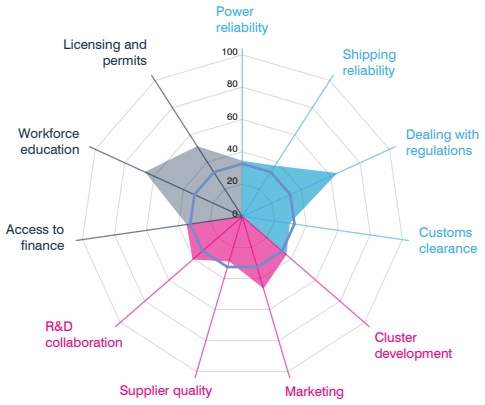
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	24.2	**63.5**	**81.8**	**52.2**
Bank account	25.7	34.2	**49.2**	30.4
Capacity utilization	39.3	40.9	44.0	41.5
Managerial experience	43.1	45.2	**57.6**	46.4
Connect				
E-mail	38.1	**70.6**	**87.7**	**50.0**
Firm website	31.8	**65.1**	**77.3**	48.4
Change				
Audited financial statement	34.5	**65.4**	**55.1**	45.9
Investment financed by banks	42.1	**60.7**	**53.3**	**50.2**
Formal training programme	35.0	**50.8**	**65.1**	44.8
Foreign technology licences	31.0	**50.0**	**75.5**	**59.8**



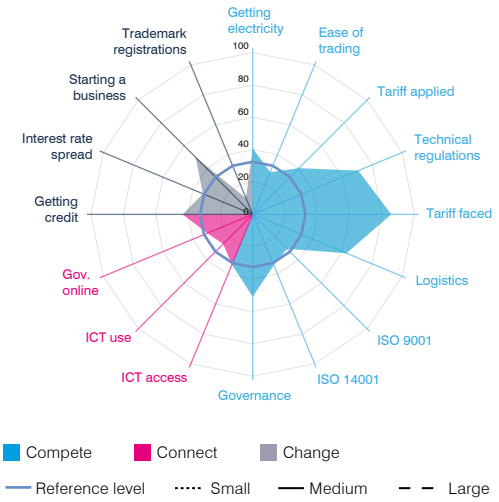
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	36.2	29.4	40.8	34.5
Domestic shipping reliability	**54.2**	**50.0**	17.6	37.4
Dealing with regulations	**69.2**	**57.5**	**61.2**	**64.5**
Customs clearance efficiency	-	**4.1**	48.6	29.6
Connect				
State of cluster development				36.1
Extent of marketing				46.5
Local supplier quality				28.9
University-industry collaboration in R&D				40.7
Change				
Access to finance	29.3	36.6	**55.7**	34.8
Access to educated workforce	**65.5**	**64.0**	**73.1**	**66.3**
Business licensing and permits	47.4	**57.4**	**60.1**	**51.7**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	40.9
Ease of trading across borders	28.3
Applied tariff, trade-weighted average	40.4
Prevalence of technical regulations	**70.7**
Faced tariff, trade-weighted average	**85.6**
Logistics performance index	**62.8**
ISO 9001 quality certificates	30.1
ISO 14001 environmental certificates	34.0
Governance index	**50.9**
Connect	
ICT access	33.6
ICT use	25.9
Government's online service	30.3
Change	
Ease of getting credit	43.4
Interest rate spread	33.4
School life expectancy	-
Ease of starting a business	**50.0**
Patent applications	-
Trademark registrations	**11.0**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Technical Annex.

Mali

Key indicators

Population (millions)	19.5
GDP ($ billions)	17.4
GDP per capita ($)	891.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-7.2
Tariff preference margin (percentage points)	1.2
Imports and exports (goods and services), share of GDP (%)	67.1
Services exports, share of total exports (%)	13.9
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

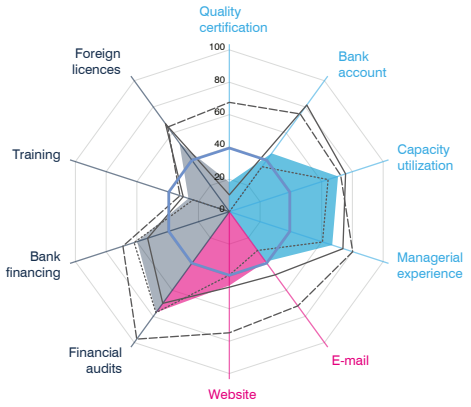
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	39.8	34.4	40.6
	Medium	**60.3**	47.5	55.0
	Large	**73.7**	**73.4**	**65.8**
	All	50.1	41.9	54.0
BUSINESS ECOSYSTEM		25.7	52.3	**13.7**
NATIONAL ENVIRONMENT		45.3	28.1	46.8
Reference level (a function of GDP per capita): 39.3				
Weaknesses are scores below: 19.6			**Strengths are scores above: 58.9**	

SME Competitiveness Grid

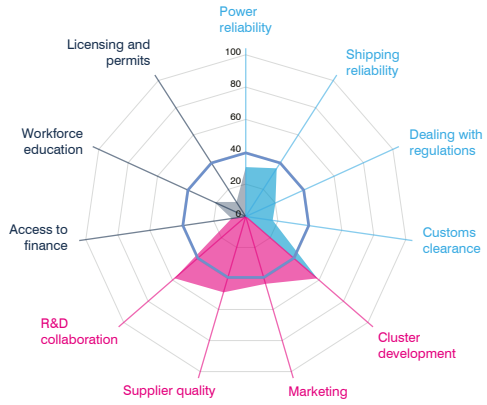
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**0.0**	**10.3**	**67.5**	**18.2**
Bank account	34.3	**81.4**	**74.6**	44.5
Capacity utilization	**64.2**	**75.6**	**72.4**	**70.7**
Managerial experience	**60.6**	**73.9**	**80.2**	**66.9**
Connect				
E-mail	29.6	48.2	**72.1**	38.2
Firm website	39.2	46.7	**74.8**	45.6
Change				
Audited financial statement	**77.2**	**70.0**	**97.3**	**77.0**
Investment financed by banks	**61.9**	53.1	**69.1**	**59.9**
Formal training programme	23.5	29.9	32.1	26.6
Foreign technology licences	**0.0**	**67.0**	**64.7**	52.4



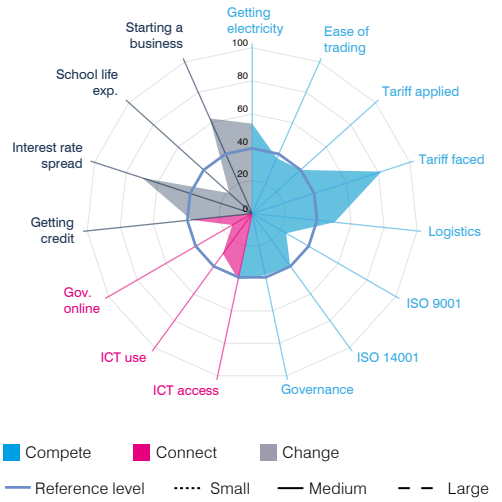
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	30.8	26.9	43.6	30.5
Domestic shipping reliability	31.0	37.4	38.5	35.4
Dealing with regulations	**18.2**	24.8	**17.6**	20.1
Customs clearance efficiency	-	**16.6**	**13.2**	**16.8**
Connect				
State of cluster development				58.6
Extent of marketing				43.4
Local supplier quality				48.9
University-industry collaboration in R&D				58.4
Change				
Access to finance	**5.6**	**13.6**	**12.9**	**8.9**
Access to educated workforce	24.9	20.0	**10.6**	21.5
Business licensing and permits	**5.9**	**18.1**	**16.7**	**10.7**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	53.8
Ease of trading across borders	36.6
Applied tariff, trade-weighted average	39.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**82.0**
Logistics performance index	50.0
ISO 9001 quality certificates	23.7
ISO 14001 environmental certificates	39.0
Governance index	38.0
Connect	
ICT access	40.6
ICT use	30.0
Government's online service	**13.8**
Change	
Ease of getting credit	36.9
Interest rate spread	**69.5**
School life expectancy	**18.4**
Ease of starting a business	**62.3**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Mauritania

Key indicators

Population (millions)	4.0
GDP ($ billions)	5.2
GDP per capita ($)	1310.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-16.0
Tariff preference margin (percentage points)	1.0
Imports and exports (goods and services), share of GDP (%)	129.1
Services exports, share of total exports (%)	13.5
Geographic region	Africa
Country group	LDC
Income group	Lower-middle income

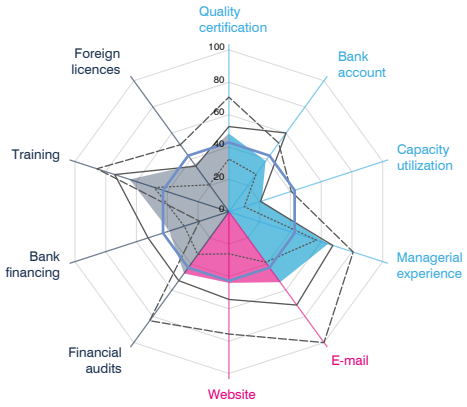
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.0	32.3	32.6
	Medium	50.2	62.8	53.5
	Large	61.1	**87.8**	59.8
	All	43.2	49.0	46.5
BUSINESS ECOSYSTEM		38.0	27.8	**20.9**
NATIONAL ENVIRONMENT		39.9	28.4	37.0
Reference level (a function of GDP per capita): 42.8				
Weaknesses are scores below: 21.4		**Strengths are scores above: 64.1**		

SME Competitiveness Grid

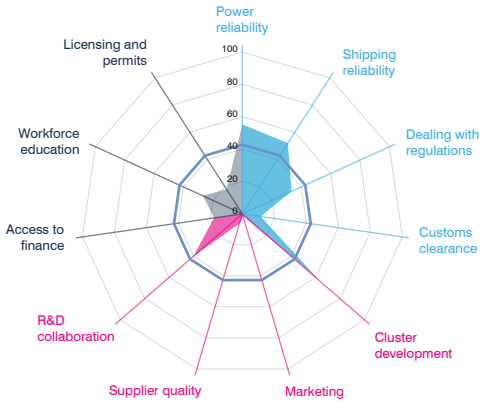
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	32.5	52.6	**70.8**	48.3
Bank account	28.6	60.1	52.4	38.7
Capacity utilization	**10.0**	**20.6**	40.5	21.4
Managerial experience	56.9	**67.6**	**80.8**	**64.5**
Connect				
E-mail	38.6	**71.3**	**100.0**	53.9
Firm website	26.1	54.2	**75.7**	44.0
Change				
Audited financial statement	32.6	52.7	**83.3**	47.1
Investment financed by banks	28.9	52.5	**19.0**	38.6
Formal training programme	48.5	**74.2**	**85.8**	**64.5**
Foreign technology licences	**20.5**	34.8	51.0	35.8



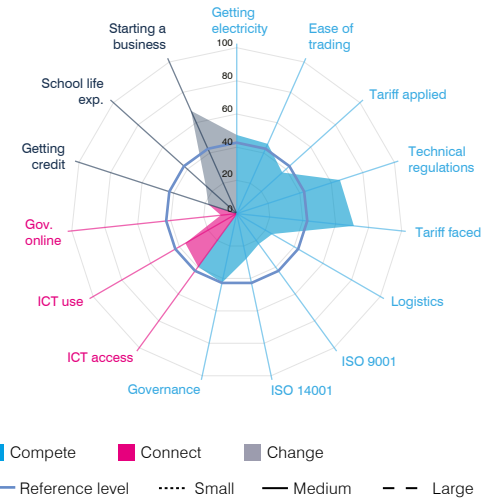
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	52.5	53.8	**94.2**	55.3
Domestic shipping reliability	44.9	62.8	62.8	52.0
Dealing with regulations	28.7	34.3	61.6	33.5
Customs clearance efficiency	-	**15.6**	**7.1**	**11.4**
Connect				
State of cluster development				63.6
Extent of marketing				**1.3**
Local supplier quality				**6.3**
University-industry collaboration in R&D				40.0
Change				
Access to finance	**9.9**	23.3	34.7	**17.7**
Access to educated workforce	32.1	25.8	**13.5**	26.8
Business licensing and permits	24.1	**11.0**	**19.6**	**18.1**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	47.4
Ease of trading across borders	46.0
Applied tariff, trade-weighted average	37.1
Prevalence of technical regulations	**65.5**
Faced tariff, trade-weighted average	**71.1**
Logistics performance index	24.7
ISO 9001 quality certificates	22.7
ISO 14001 environmental certificates	27.9
Governance index	42.6
Connect	
ICT access	39.6
ICT use	35.8
Government's online service	**9.7**
Change	
Ease of getting credit	**18.0**
Interest rate spread	-
School life expectancy	25.1
Ease of starting a business	**67.9**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Technical Annex.

Mexico

Key indicators

Population (millions)	124.7
GDP ($ billions)	1199.3
GDP per capita ($)	9614.3
Share of world GDP (PPP$, %)	1.9
Current account surplus/deficit, share of GDP (%)	-1.3
Tariff preference margin (percentage points)	3.5
Imports and exports (goods and services), share of GDP (%)	77.6
Services exports, share of total exports (%)	6.2
Geographic region	Americas
Country group	OECD
Income group	Upper-middle income

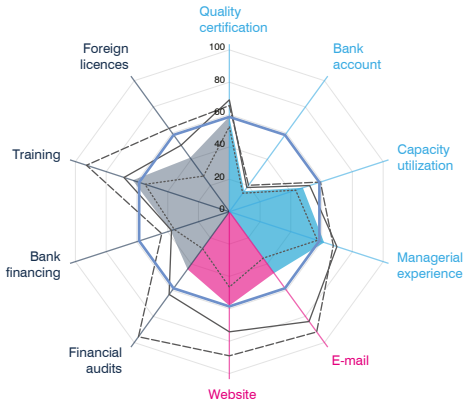
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	41.8	41.0	36.5
	Medium	52.4	79.1	55.0
	Large	53.1	**90.2**	73.7
	All	46.0	52.5	46.5
BUSINESS ECOSYSTEM		43.4	70.4	33.4
NATIONAL ENVIRONMENT		69.0	66.8	61.5
Reference level (a function of GDP per capita): 58.6				
Weaknesses are scores below: 29.3			**Strengths are scores above: 87.9**	

SME Competitiveness Grid

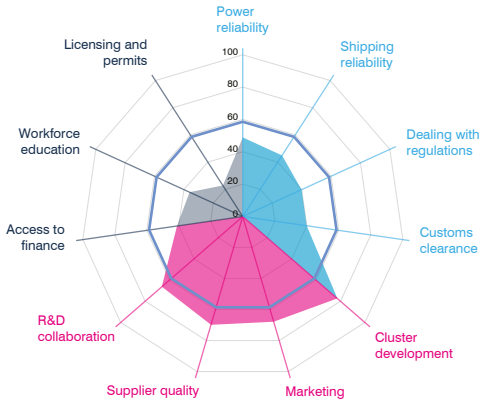
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	52.6	69.1	65.6	58.7
Bank account	**14.1**	**18.5**	**20.2**	**15.7**
Capacity utilization	43.1	52.2	59.2	47.8
Managerial experience	57.3	69.9	67.6	61.6
Connect				
E-mail	35.5	83.9	**91.9**	46.9
Firm website	46.6	74.3	**88.4**	58.1
Change				
Audited financial statement	**28.1**	63.2	**94.8**	44.0
Investment financed by banks	35.7	37.5	43.9	38.1
Formal training programme	54.7	68.5	**92.8**	62.8
Foreign technology licences	**27.2**	50.7	63.5	41.2



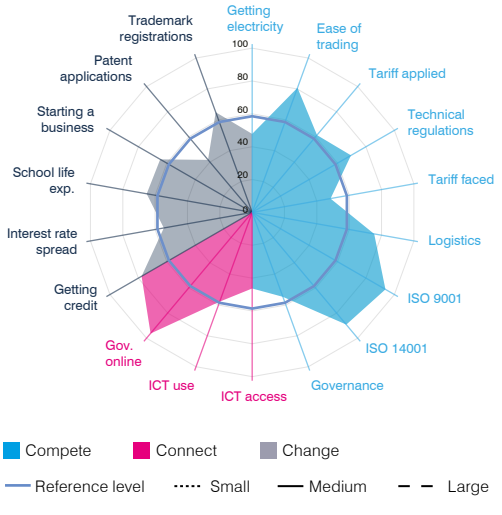
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	47.8	45.3	68.7	48.9
Domestic shipping reliability	48.2	39.6	42.1	44.9
Dealing with regulations	42.8	32.4	42.2	39.9
Customs clearance efficiency	50.1	33.1	40.3	39.9
Connect				
State of cluster development				77.4
Extent of marketing				67.9
Local supplier quality				69.8
University-industry collaboration in R&D				66.3
Change				
Access to finance	44.7	30.7	47.1	41.2
Access to educated workforce	46.8	**15.6**	36.5	36.2
Business licensing and permits	**24.7**	**20.6**	**16.7**	**22.8**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	47.8
Ease of trading across borders	80.8
Applied tariff, trade-weighted average	61.5
Prevalence of technical regulations	69.5
Faced tariff, trade-weighted average	48.5
Logistics performance index	75.5
ISO 9001 quality certificates	**93.7**
ISO 14001 environmental certificates	**89.2**
Governance index	54.7
Connect	
ICT access	46.3
ICT use	57.8
Government's online service	**96.3**
Change	
Ease of getting credit	77.7
Interest rate spread	54.6
School life expectancy	65.2
Ease of starting a business	64.7
Patent applications	41.8
Trademark registrations	64.9



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Technical Annex.

Mongolia

Key indicators

Population (millions)	3.1
GDP ($ billions)	12.7
GDP per capita ($)	4097.8
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-8.3
Tariff preference margin (percentage points)	0.0
Imports and exports (goods and services), share of GDP (%)	100.3
Services exports, share of total exports (%)	14.1
Geographic region	Asia
Country group	LLDC
Income group	Lower-middle income

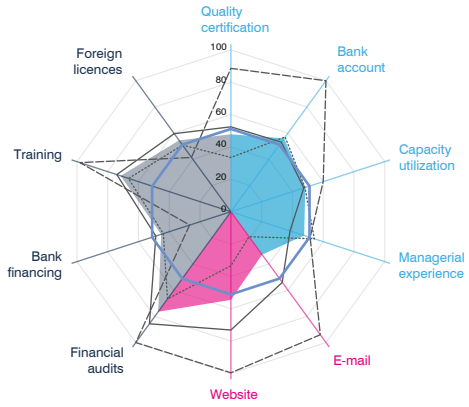
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	48.3	26.3	57.0
	Medium	47.8	63.6	67.0
	Large	75.0	**96.8**	66.6
	All	49.9	43.7	62.0
BUSINESS ECOSYSTEM		39.1	37.7	40.2
NATIONAL ENVIRONMENT		45.3	54.6	70.4
Reference level (a function of GDP per capita): 51.1				
Weaknesses are scores below: 25.6			**Strengths are scores above: 76.7**	

SME Competitiveness Grid

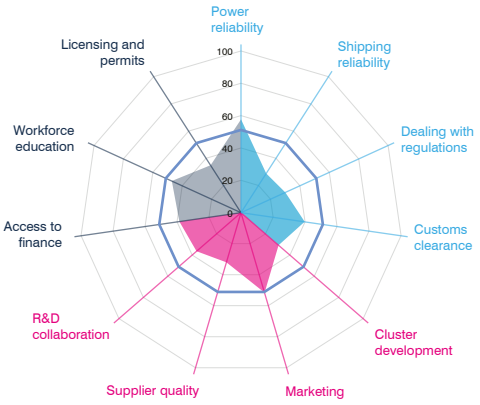
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	33.5	52.4	**88.6**	47.8
Bank account	57.1	53.1	**100.0**	55.9
Capacity utilization	48.2	47.4	60.1	48.4
Managerial experience	54.3	38.4	51.6	47.6
Connect				
E-mail	**19.1**	54.1	**94.0**	32.9
Firm website	33.4	73.1	**99.6**	54.5
Change				
Audited financial statement	66.6	**85.6**	**100.0**	76.4
Investment financed by banks	43.9	48.7	26.8	45.3
Formal training programme	66.5	74.1	**98.0**	71.6
Foreign technology licences	50.9	59.5	41.4	54.5



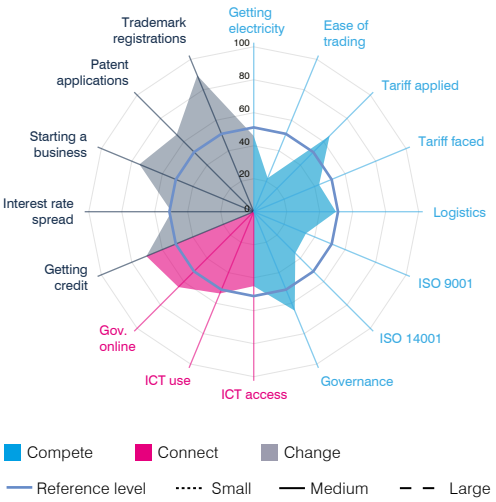
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	50.0	62.4	**85.9**	57.7
Domestic shipping reliability	26.8	31.0	-	28.8
Dealing with regulations	32.8	28.0	**23.2**	30.1
Customs clearance efficiency	-	-	-	39.8
Connect				
State of cluster development				30.7
Extent of marketing				51.6
Local supplier quality				32.0
University-industry collaboration in R&D				36.4
Change				
Access to finance	46.4	27.2	**90.3**	38.6
Access to educated workforce	72.4	26.1	60.9	47.1
Business licensing and permits	43.1	**24.5**	59.2	34.9



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	45.9
Ease of trading across borders	**22.1**
Applied tariff, trade-weighted average	65.1
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	43.1
Logistics performance index	50.1
ISO 9001 quality certificates	34.8
ISO 14001 environmental certificates	36.0
Governance index	65.3
Connect	
ICT access	45.3
ICT use	53.9
Government's online service	64.6
Change	
Ease of getting credit	70.6
Interest rate spread	50.0
School life expectancy	-
Ease of starting a business	75.3
Patent applications	66.3
Trademark registrations	**89.9**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Montenegro

Key indicators

Population (millions)	0.6
GDP ($ billions)	5.4
GDP per capita ($)	8644.3
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-16.8
Tariff preference margin (percentage points)	5.3
Imports and exports (goods and services), share of GDP (%)	104.0
Services exports, share of total exports (%)	78.8
Geographic region	Europe
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	37.5	36.6	37.4
	Medium	53.2	62.5	50.9
	Large	82.5	**95.0**	84.8
	All	42.4	42.8	43.1
BUSINESS ECOSYSTEM		60.8	50.8	**91.7**
NATIONAL ENVIRONMENT		55.1	63.7	68.2

Reference level (a function of GDP per capita): 57.1

Weaknesses are scores below: 28.5 | **Strengths are scores above: 85.6**

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

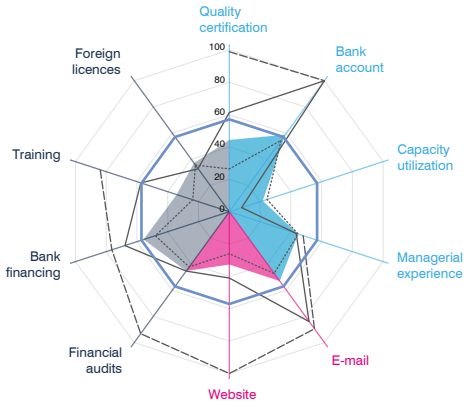
Compete	Small	Medium	Large	All
International quality certificate	**26.4**	61.4	**99.4**	44.3
Bank account	54.4	**100.0**	**100.0**	58.8
Capacity utilization	**24.5**	**7.9**	-	**21.7**
Managerial experience	44.8	43.5	48.0	44.8
Connect				
E-mail	47.2	83.9	**89.9**	53.0
Firm website	**26.0**	41.0	**100.0**	32.7
Change				
Audited financial statement	42.1	45.4	**93.7**	45.3
Investment financed by banks	48.1	67.8	76.3	55.7
Formal training programme	**23.8**	57.5	84.4	34.2
Foreign technology licences	35.6	32.8	-	37.1

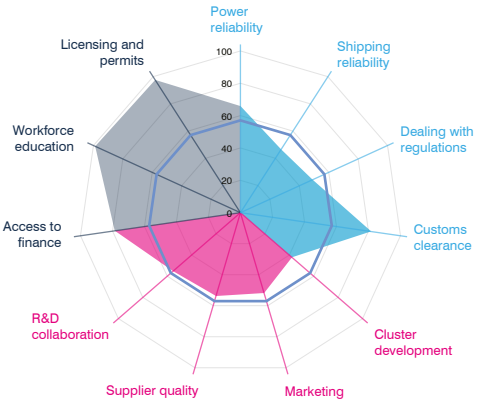
BUSINESS ECOSYSTEM (Normalized scores)

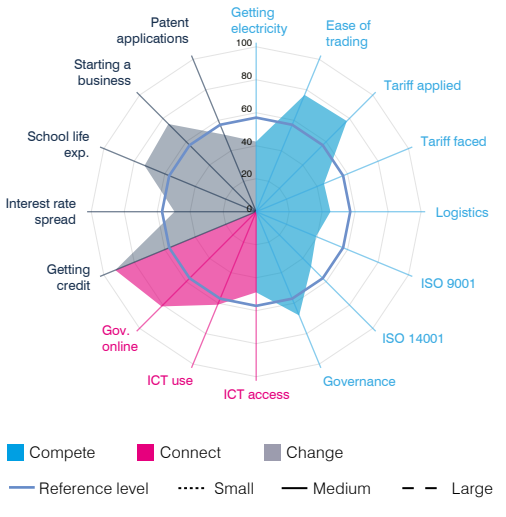
Compete	Small	Medium	Large	All
Power reliability	61.4	**89.6**	75.5	65.9
Domestic shipping reliability	43.5	62.8	-	46.5
Dealing with regulations	46.8	57.5	60.4	49.1
Customs clearance efficiency	-	-	-	81.7
Connect				
State of cluster development				42.2
Extent of marketing				51.9
Local supplier quality				53.8
University-industry collaboration in R&D				55.3
Change				
Access to finance	77.6	**86.7**	73.2	78.6
Access to educated workforce	**99.6**	**96.6**	**93.7**	**98.8**
Business licensing and permits	**100.0**	**89.2**	**100.0**	**97.6**

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	42.6
Ease of trading across borders	76.7
Applied tariff, trade-weighted average	77.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	44.5
Logistics performance index	45.0
ISO 9001 quality certificates	39.3
ISO 14001 environmental certificates	47.1
Governance index	68.0
Connect	
ICT access	48.9
ICT use	61.0
Government's online service	81.2
Change	
Ease of getting credit	**92.4**
Interest rate spread	49.5
School life expectancy	73.2
Ease of starting a business	75.3
Patent applications	50.6
Trademark registrations	-







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Myanmar

Key indicators

Population (millions)	52.8
GDP ($ billions)	71.5
GDP per capita ($)	1354.2
Share of world GDP (PPP$, %)	0.3
Current account surplus/deficit, share of GDP (%)	-5.3
Tariff preference margin (percentage points)	5.0
Imports and exports (goods and services), share of GDP (%)	53.8
Services exports, share of total exports (%)	24.4
Geographic region	Asia
Country group	LDC
Income group	Lower-middle income

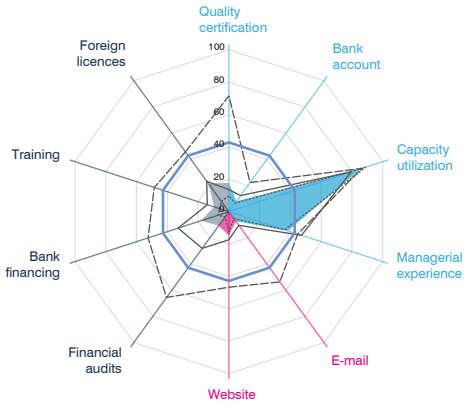
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.3	**8.7**	**6.2**
	Medium	38.2	**13.9**	24.5
	Large	56.2	50.1	53.0
	All	37.5	**11.1**	**15.0**
BUSINESS ECOSYSTEM		57.4	29.9	**76.4**
NATIONAL ENVIRONMENT		58.5	36.2	40.3
Reference level (a function of GDP per capita): 42.8				
Weaknesses are scores below: 21.4			**Strengths are scores above: 64.2**	

SME Competitiveness Grid

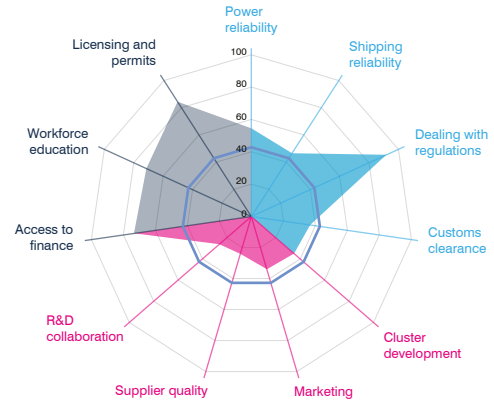
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**9.8**	**13.6**	**71.5**	**17.8**
Bank account	**6.5**	**12.4**	22.3	**7.9**
Capacity utilization	**88.8**	**79.5**	**86.3**	**85.9**
Managerial experience	36.2	47.2	44.8	38.4
Connect				
E-mail	**5.2**	**10.5**	53.6	**7.4**
Firm website	**12.2**	**17.3**	46.7	**14.8**
Change				
Audited financial statement	**4.1**	28.0	**65.5**	**10.7**
Investment financed by banks	**7.2**	33.0	52.5	**18.1**
Formal training programme	**5.8**	**13.9**	48.5	**9.7**
Foreign technology licences	**7.9**	23.3	45.7	**21.3**



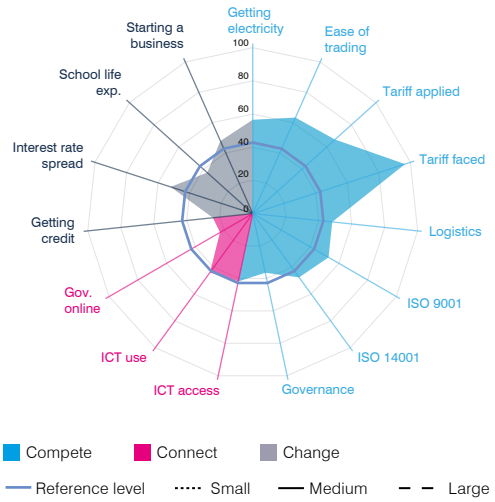
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	57.7	45.8	44.0	54.5
Domestic shipping reliability	46.5	46.5	59.5	46.5
Dealing with regulations	**93.9**	**86.1**	**76.5**	**91.8**
Customs clearance efficiency	-	28.9	42.2	36.7
Connect				
State of cluster development				35.0
Extent of marketing				34.0
Local supplier quality				24.2
University-industry collaboration in R&D				26.3
Change				
Access to finance	**73.6**	**71.5**	**75.8**	**73.4**
Access to educated workforce	**76.5**	52.9	62.8	**71.4**
Business licensing and permits	**86.1**	**81.1**	**68.7**	**84.4**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	56.6
Ease of trading across borders	63.4
Applied tariff, trade-weighted average	**66.7**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**96.6**
Logistics performance index	48.2
ISO 9001 quality certificates	52.8
ISO 14001 environmental certificates	47.6
Governance index	36.5
Connect	
ICT access	41.8
ICT use	43.9
Government's online service	22.8
Change	
Ease of getting credit	24.2
Interest rate spread	52.1
School life expectancy	36.9
Ease of starting a business	47.9
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Namibia

Key indicators

Population (millions)	2.4
GDP ($ billions)	14.1
GDP per capita ($)	5923.5
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-6.0
Tariff preference margin (percentage points)	3.0
Imports and exports (goods and services), share of GDP (%)	99.0
Services exports, share of total exports (%)	9.3
Geographic region	Africa
Country group	
Income group	Upper-middle income

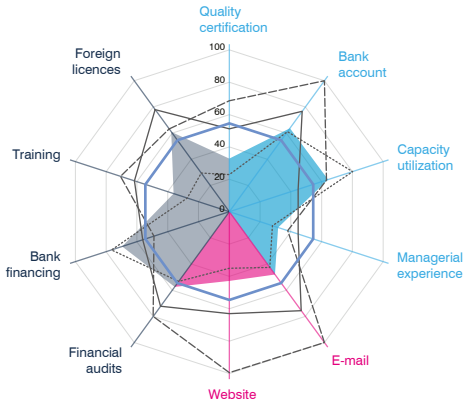
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	48.1	38.8	46.7
	Medium	54.3	69.3	67.0
	Large	67.4	**99.7**	65.7
	All	48.1	45.4	56.1
BUSINESS ECOSYSTEM		64.5	53.5	66.6
NATIONAL ENVIRONMENT		55.6	44.6	56.3
Reference level (a function of GDP per capita): 54.5				
Weaknesses are scores below: 27.3		**Strengths are scores above: 81.8**		

SME Competitiveness Grid

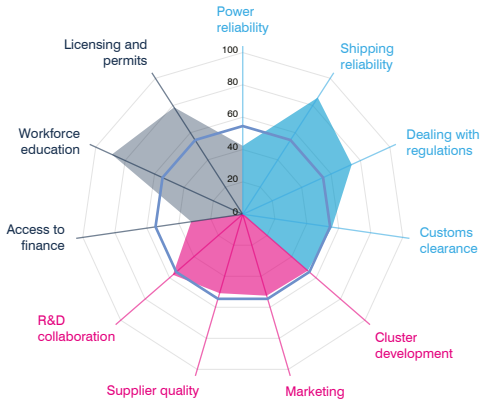
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**22.9**	51.2	68.6	32.8
Bank account	61.1	76.7	**100.0**	63.7
Capacity utilization	80.2	44.8	63.2	64.2
Managerial experience	28.0	44.8	38.0	31.7
Connect				
E-mail	42.6	75.6	**100.0**	48.0
Firm website	35.0	63.0	**99.5**	42.8
Change				
Audited financial statement	53.3	72.3	80.0	57.5
Investment financed by banks	76.5	56.3	48.9	69.6
Formal training programme	27.3	61.6	70.7	36.2
Foreign technology licences	29.5	78.0	63.2	61.0



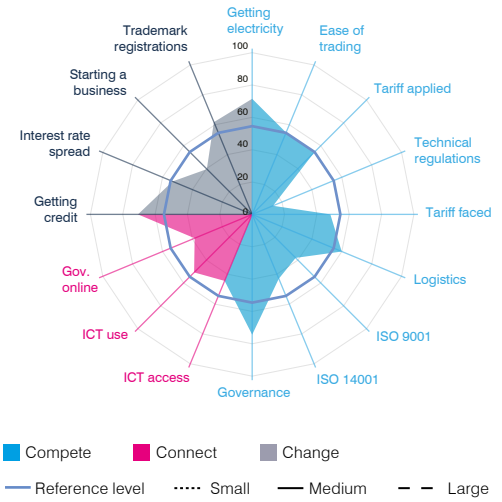
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	38.7	52.5	56.9	42.3
Domestic shipping reliability	**85.7**	-	-	**85.7**
Dealing with regulations	75.3	66.8	**91.8**	74.1
Customs clearance efficiency	-	-	-	55.8
Connect				
State of cluster development				53.3
Extent of marketing				52.5
Local supplier quality				50.9
University-industry collaboration in R&D				57.2
Change				
Access to finance	28.4	42.4	**96.7**	32.3
Access to educated workforce	**87.8**	**94.4**	**94.8**	**89.1**
Business licensing and permits	**84.9**	54.6	**94.6**	78.6



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	71.5
Ease of trading across borders	54.8
Applied tariff, trade-weighted average	54.5
Prevalence of technical regulations	**14.0**
Faced tariff, trade-weighted average	48.3
Logistics performance index	59.9
ISO 9001 quality certificates	38.0
ISO 14001 environmental certificates	43.1
Governance index	74.4
Connect	
ICT access	44.5
ICT use	50.7
Government's online service	38.5
Change	
Ease of getting credit	70.6
Interest rate spread	53.3
School life expectancy	-
Ease of starting a business	39.6
Patent applications	-
Trademark registrations	61.8



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Technical Annex.

Nepal

Key indicators

Population (millions)	29.7
GDP ($ billions)	28.8
GDP per capita ($)	970.7
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-8.2
Tariff preference margin (percentage points)	16.3
Imports and exports (goods and services), share of GDP (%)	56.2
Services exports, share of total exports (%)	68.3
Geographic region	Asia
Country group	LDC, LLDC
Income group	Low income

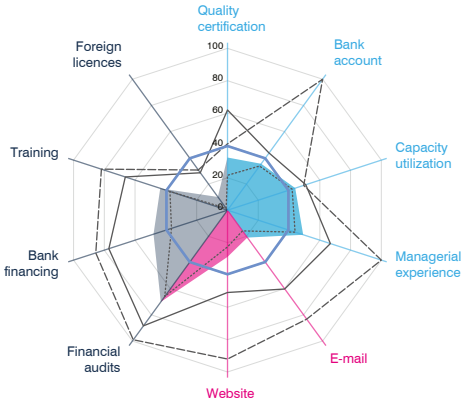
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.3	**19.3**	35.3
	Medium	55.8	55.5	**65.1**
	Large	**72.6**	**87.6**	**74.3**
	All	40.3	24.9	43.0
BUSINESS ECOSYSTEM		53.7	41.6	52.3
NATIONAL ENVIRONMENT		47.7	43.8	38.0
Reference level (a function of GDP per capita): 39.6				
Weaknesses are scores below: 19.8		**Strengths are scores above: 59.4**		

SME Competitiveness Grid

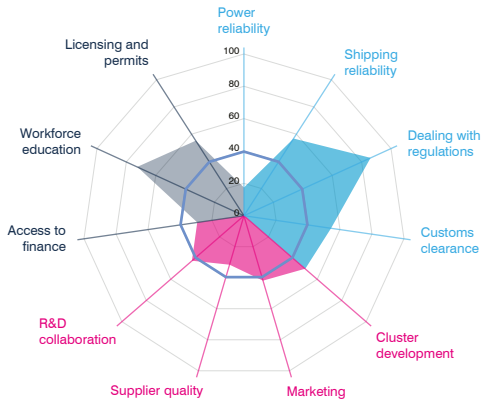
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	21.5	**61.9**	41.0	32.5
Bank account	33.7	43.7	**100.0**	35.4
Capacity utilization	42.0	50.9	49.5	44.0
Managerial experience	43.9	**66.9**	**100.0**	49.2
Connect				
E-mail	**15.8**	**60.2**	**83.2**	20.9
Firm website	22.7	50.9	**92.0**	28.9
Change				
Audited financial statement	**65.9**	**88.4**	**99.0**	**70.1**
Investment financed by banks	36.3	**77.1**	**85.6**	48.1
Formal training programme	37.4	**66.4**	**81.9**	43.7
Foreign technology licences	**1.4**	28.5	30.7	**10.1**



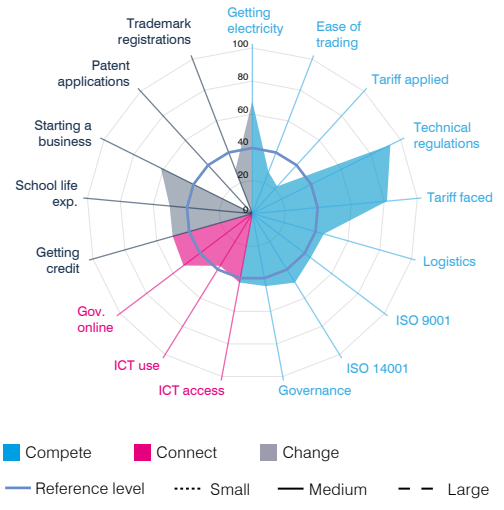
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**17.2**	**16.6**	26.9	**17.4**
Domestic shipping reliability	54.2	**71.3**	**77.3**	56.7
Dealing with regulations	**90.8**	**68.7**	**84.4**	**86.1**
Customs clearance efficiency	-	53.4	**59.9**	54.4
Connect				
State of cluster development				50.1
Extent of marketing				41.9
Local supplier quality				31.6
University-industry collaboration in R&D				42.6
Change				
Access to finance	26.3	53.2	**6.1**	29.2
Access to educated workforce	**73.5**	**70.3**	**61.3**	**72.6**
Business licensing and permits	52.5	**69.4**	**73.1**	55.1



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**67.9**
Ease of trading across borders	27.1
Applied tariff, trade-weighted average	22.3
Prevalence of technical regulations	**93.1**
Faced tariff, trade-weighted average	**81.7**
Logistics performance index	44.9
ISO 9001 quality certificates	44.2
ISO 14001 environmental certificates	49.0
Governance index	44.5
Connect	
ICT access	42.3
ICT use	37.1
Government's online service	52.0
Change	
Ease of getting credit	50.0
Interest rate spread	-
School life expectancy	50.2
Ease of starting a business	**61.7**
Patent applications	**0.0**
Trademark registrations	28.3



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Nicaragua

Key indicators

Population (millions)	6.3
GDP ($ billions)	13.4
GDP per capita ($)	2126.6
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-6.2
Tariff preference margin (percentage points)	8.8
Imports and exports (goods and services), share of GDP (%)	110.3
Services exports, share of total exports (%)	24.0
Geographic region	Americas
Country group	
Income group	Lower-middle income

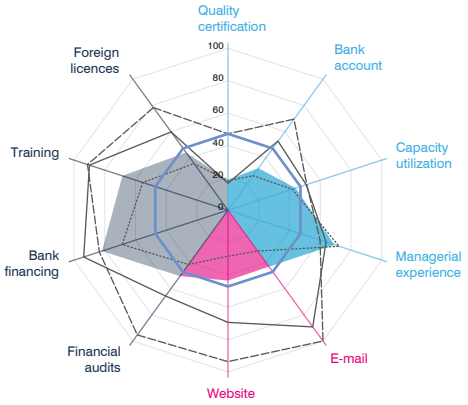
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	39.7	29.8	50.3
	Medium	46.0	**79.3**	**77.2**
	Large	57.1	**97.0**	**87.4**
	All	41.0	43.3	61.2
BUSINESS ECOSYSTEM		46.5	39.5	60.7
NATIONAL ENVIRONMENT		54.7	43.8	38.8
Reference level (a function of GDP per capita): 47.2				
Weaknesses are scores below: 23.6			**Strengths are scores above: 70.8**	

SME Competitiveness Grid

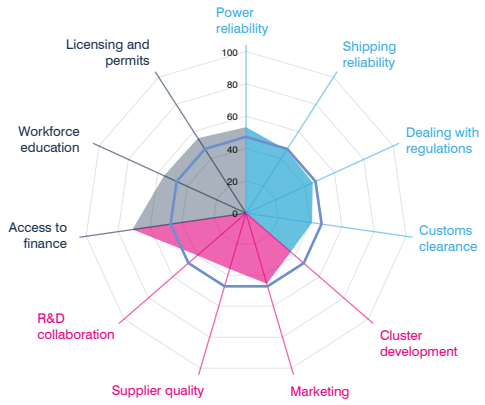
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**18.2**	**16.6**	47.2	**18.6**
Bank account	26.3	52.7	69.6	32.1
Capacity utilization	41.8	50.9	51.3	44.0
Managerial experience	**72.3**	63.8	60.2	69.3
Connect				
E-mail	31.2	**89.2**	**100.0**	43.2
Firm website	28.4	69.4	**93.9**	43.5
Change				
Audited financial statement	41.5	65.5	**95.7**	50.4
Investment financed by banks	68.7	**93.7**	**83.6**	**81.8**
Formal training programme	55.3	**90.0**	**91.7**	68.5
Foreign technology licences	35.6	59.8	**78.7**	44.0



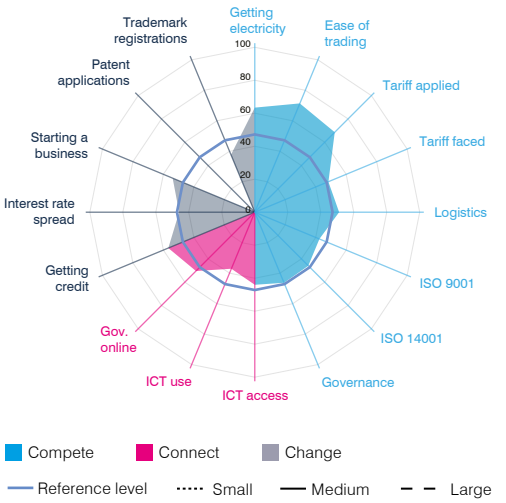
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	52.5	53.1	63.5	53.1
Domestic shipping reliability	50.0	35.4	**71.3**	46.5
Dealing with regulations	43.9	47.5	56.2	45.3
Customs clearance efficiency	-	41.5	49.3	41.2
Connect				
State of cluster development				36.6
Extent of marketing				45.5
Local supplier quality				36.0
University-industry collaboration in R&D				39.9
Change				
Access to finance	64.9	**85.6**	**80.8**	**71.0**
Access to educated workforce	53.6	63.2	28.0	55.8
Business licensing and permits	56.2	53.8	35.7	55.1



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	63.4
Ease of trading across borders	**71.4**
Applied tariff, trade-weighted average	68.6
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	48.3
Logistics performance index	51.1
ISO 9001 quality certificates	42.4
ISO 14001 environmental certificates	45.9
Governance index	46.3
Connect	
ICT access	44.0
ICT use	37.1
Government's online service	50.4
Change	
Ease of getting credit	56.7
Interest rate spread	45.9
School life expectancy	-
Ease of starting a business	53.9
Patent applications	**0.0**
Trademark registrations	37.7



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Nigeria

Key indicators

Population (millions)	193.9
GDP ($ billions)	397.5
GDP per capita ($)	2050.2
Share of world GDP (PPP$, %)	0.9
Current account surplus/deficit, share of GDP (%)	2.0
Tariff preference margin (percentage points)	0.3
Imports and exports (goods and services), share of GDP (%)	24.7
Services exports, share of total exports (%)	11.0
Geographic region	Africa
Country group	
Income group	Lower-middle income

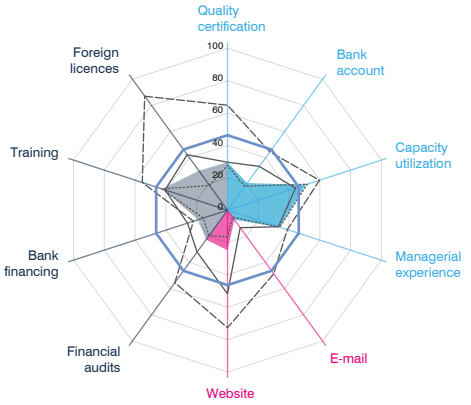
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.9	**10.9**	24.1
	Medium	35.1	32.5	35.2
	Large	52.0	60.7	54.9
	All	33.8	**16.1**	28.5
BUSINESS ECOSYSTEM		39.0	49.5	58.3
NATIONAL ENVIRONMENT		44.6	43.2	46.8
Reference level (a function of GDP per capita): 46.3				
Weaknesses are scores below: 23.2		**Strengths are scores above: 69.5**		

SME Competitiveness Grid

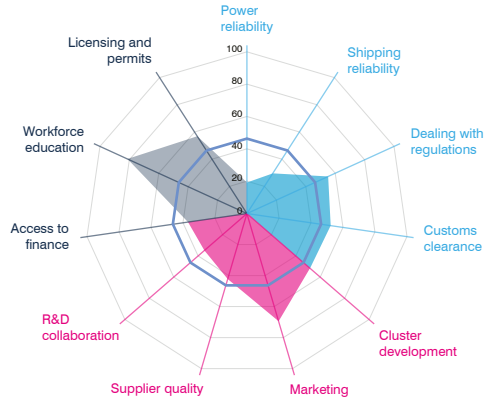
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	27.6	29.6	64.9	29.6
Bank account	**18.2**	33.4	44.5	**20.7**
Capacity utilization	51.8	44.2	59.8	50.9
Managerial experience	34.0	33.1	38.9	34.0
Connect				
E-mail	**5.3**	**13.4**	48.6	**7.4**
Firm website	**16.6**	51.7	**72.7**	24.8
Change				
Audited financial statement	**19.3**	31.9	55.3	**22.5**
Investment financed by banks	**15.8**	26.0	**22.1**	**19.0**
Formal training programme	42.5	40.6	55.3	42.4
Foreign technology licences	**18.8**	42.3	**87.0**	30.1



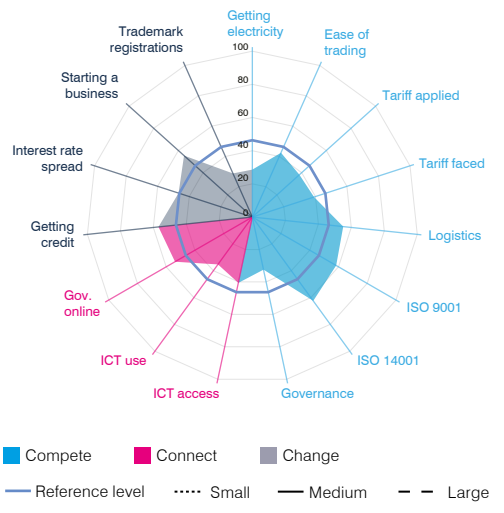
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**18.3**	24.6	**10.7**	**19.2**
Domestic shipping reliability	31.8	23.3	34.4	29.5
Dealing with regulations	57.2	51.3	32.4	55.2
Customs clearance efficiency	52.9	59.2	41.5	52.3
Connect				
State of cluster development				51.6
Extent of marketing				69.5
Local supplier quality				42.3
University-industry collaboration in R&D				34.8
Change				
Access to finance	35.5	38.9	**80.3**	36.9
Access to educated workforce	**82.7**	**77.3**	**69.8**	**81.3**
Business licensing and permits	56.5	56.5	63.6	56.8



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	28.6
Ease of trading across borders	42.4
Applied tariff, trade-weighted average	38.1
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	39.1
Logistics performance index	55.1
ISO 9001 quality certificates	58.4
ISO 14001 environmental certificates	62.5
Governance index	32.4
Connect	
ICT access	40.6
ICT use	35.3
Government's online service	53.7
Change	
Ease of getting credit	56.7
Interest rate spread	46.8
School life expectancy	-
Ease of starting a business	55.0
Patent applications	-
Trademark registrations	28.6



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Technical Annex.

North Macedonia

Key indicators

Population (millions)	2.1
GDP ($ billions)	12.4
GDP per capita ($)	5953.3
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-1.1
Tariff preference margin (percentage points)	4.8
Imports and exports (goods and services), share of GDP (%)	143.0
Services exports, share of total exports (%)	22.6
Geographic region	Europe
Country group	LLDC
Income group	Upper-middle income

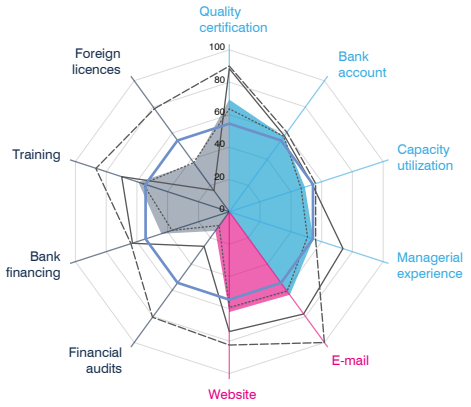
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	54.6	59.9	35.3
	Medium	68.5	76.1	43.9
	Large	65.7	**91.2**	77.5
	All	57.6	62.8	38.7
BUSINESS ECOSYSTEM		52.7	62.8	63.0
NATIONAL ENVIRONMENT		64.3	61.2	69.3
Reference level (a function of GDP per capita): 54.4				
Weaknesses are scores below: 27.2		**Strengths are scores above: 81.6**		

SME Competitiveness Grid

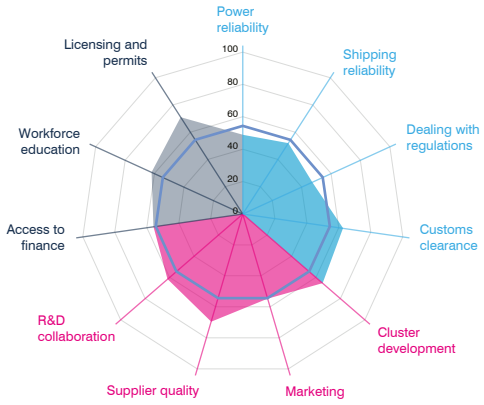
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	63.5	**88.4**	**90.0**	69.3
Bank account	57.5	57.9	60.6	57.5
Capacity utilization	46.7	54.0	56.2	49.1
Managerial experience	50.8	73.9	56.1	54.6
Connect				
E-mail	60.7	78.1	**100.0**	63.6
Firm website	59.1	74.1	**82.4**	62.1
Change				
Audited financial statement	**10.5**	**26.4**	80.6	**14.6**
Investment financed by banks	37.2	63.0	64.0	44.1
Formal training programme	56.0	69.9	**86.7**	59.1
Foreign technology licences	37.4	**16.2**	78.6	36.9



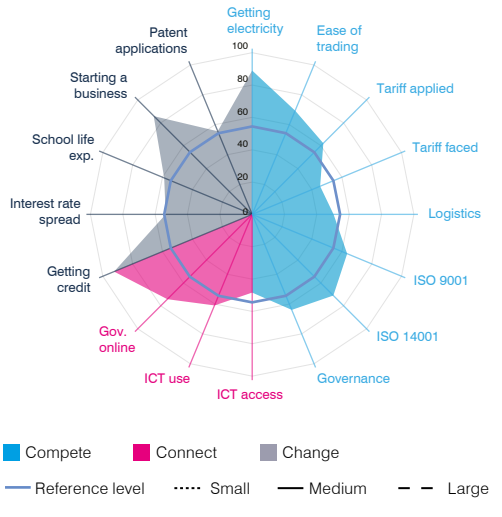
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	48.3	59.5	41.5	48.9
Domestic shipping reliability	46.5	66.6	**85.7**	52.0
Dealing with regulations	46.5	50.7	49.1	47.3
Customs clearance efficiency	59.4	**83.2**	61.3	62.6
Connect				
State of cluster development				65.4
Extent of marketing				54.6
Local supplier quality				69.6
University-industry collaboration in R&D				61.6
Change				
Access to finance	55.5	55.8	76.7	55.8
Access to educated workforce	68.3	37.7	61.9	62.1
Business licensing and permits	74.0	57.7	69.1	71.0



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**89.0**
Ease of trading across borders	69.4
Applied tariff, trade-weighted average	62.3
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	45.4
Logistics performance index	50.3
ISO 9001 quality certificates	63.6
ISO 14001 environmental certificates	70.9
Governance index	63.9
Connect	
ICT access	48.4
ICT use	60.9
Government's online service	74.2
Change	
Ease of getting credit	**92.4**
Interest rate spread	53.4
School life expectancy	58.9
Ease of starting a business	**86.0**
Patent applications	55.7
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Pakistan

Key indicators

Population (millions)	201.0
GDP ($ billions)	306.9
GDP per capita ($)	1527.2
Share of world GDP (PPP$, %)	0.8
Current account surplus/deficit, share of GDP (%)	-5.9
Tariff preference margin (percentage points)	1.2
Imports and exports (goods and services), share of GDP (%)	31.1
Services exports, share of total exports (%)	20.7
Geographic region	Asia
Country group	
Income group	Lower-middle income

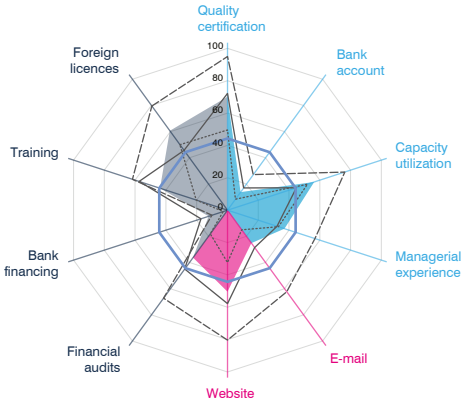
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.8	23.7	22.8
	Medium	41.5	43.2	41.3
	Large	63.8	**71.4**	54.6
	All	44.4	37.8	38.2
BUSINESS ECOSYSTEM		35.6	56.3	46.3
NATIONAL ENVIRONMENT		54.0	38.6	30.4
Reference level (a function of GDP per capita): 44.3				
Weaknesses are scores below: 22.1		**Strengths are scores above: 66.4**		

SME Competitiveness Grid

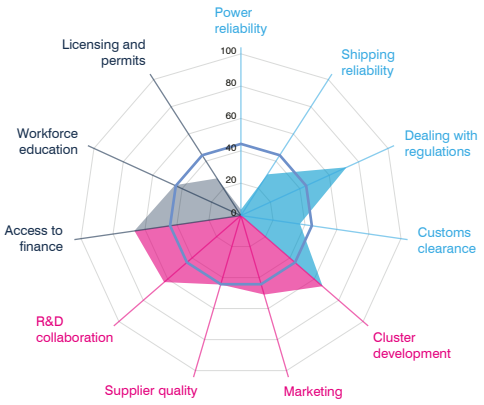
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	49.5	**72.1**	**94.9**	**70.1**
Bank account	**8.4**	**17.0**	27.1	**13.8**
Capacity utilization	52.0	44.8	**76.3**	56.4
Managerial experience	33.1	32.2	56.9	37.1
Connect				
E-mail	**15.0**	28.6	62.4	25.2
Firm website	32.4	57.8	**80.3**	50.4
Change				
Audited financial statement	**18.1**	44.9	**67.3**	36.2
Investment financed by banks	**2.8**	**17.2**	**10.0**	**12.2**
Formal training programme	**20.3**	57.4	61.7	43.8
Foreign technology licences	50.0	45.7	**79.5**	60.6



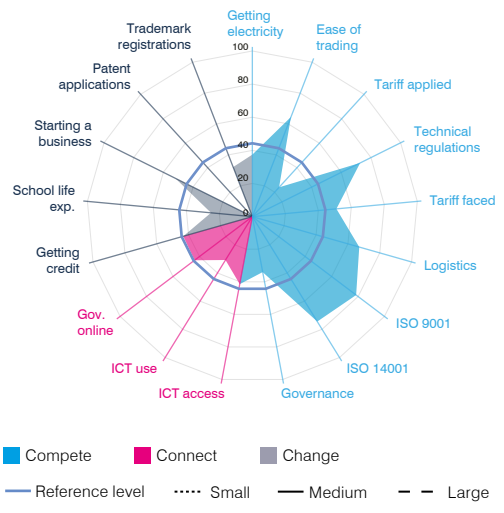
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**0.0**	**5.6**	**13.5**	**3.6**
Domestic shipping reliability	22.7	35.4	40.8	30.3
Dealing with regulations	**76.5**	**71.3**	61.2	**71.8**
Customs clearance efficiency	-	36.4	36.9	36.9
Connect				
State of cluster development				**66.8**
Extent of marketing				51.0
Local supplier quality				44.6
University-industry collaboration in R&D				62.9
Change				
Access to finance	59.0	**69.8**	**81.7**	**66.6**
Access to educated workforce	46.9	40.9	50.9	45.1
Business licensing and permits	37.8	**21.9**	**18.4**	27.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	37.4
Ease of trading across borders	64.5
Applied tariff, trade-weighted average	23.9
Prevalence of technical regulations	**72.7**
Faced tariff, trade-weighted average	51.2
Logistics performance index	**67.4**
ISO 9001 quality certificates	**78.7**
ISO 14001 environmental certificates	**74.7**
Governance index	34.1
Connect	
ICT access	41.3
ICT use	30.8
Government's online service	43.7
Change	
Ease of getting credit	43.4
Interest rate spread	-
School life expectancy	25.1
Ease of starting a business	51.7
Patent applications	**0.0**
Trademark registrations	32.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Panama

Key indicators

Population (millions)	4.2
GDP ($ billions)	66.0
GDP per capita ($)	15877.5
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-7.0
Tariff preference margin (percentage points)	1.6
Imports and exports (goods and services), share of GDP (%)	98.8
Services exports, share of total exports (%)	70.9
Geographic region	Americas
Country group	
Income group	High income

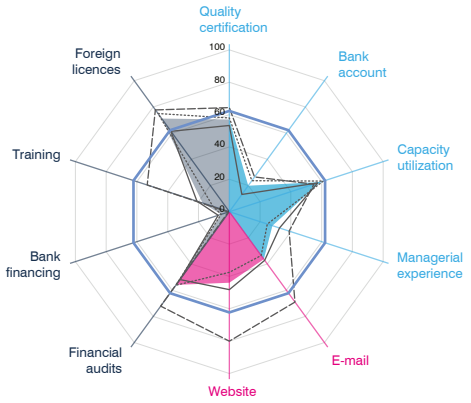
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	41.8	35.5	36.8
	Medium	39.1	42.7	35.3
	Large	46.2	74.5	50.8
	All	41.0	40.1	37.4
BUSINESS ECOSYSTEM		52.7	69.2	73.5
NATIONAL ENVIRONMENT		69.6	47.5	63.9
Reference level (a function of GDP per capita): 62.3				
Weaknesses are scores below: 31.1		**Strengths are scores above: 93.4**		

SME Competitiveness Grid

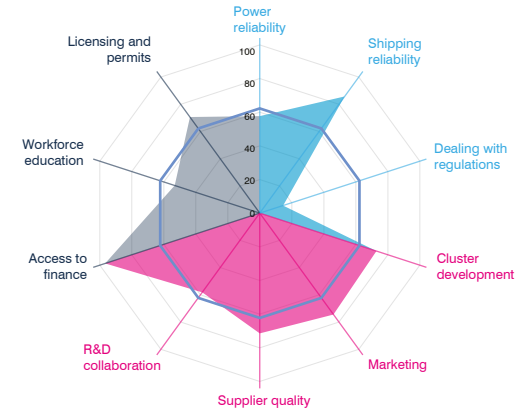
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	57.9	53.3	64.3	57.0
Bank account	**23.7**	**13.2**	**26.5**	**19.9**
Capacity utilization	61.1	57.4	55.0	59.2
Managerial experience	**24.7**	32.7	38.9	**28.0**
Connect				
E-mail	33.5	37.2	69.0	36.3
Firm website	37.5	48.2	80.0	43.9
Change				
Audited financial statement	56.2	51.8	72.2	55.9
Investment financed by banks	**5.3**	**7.2**	**0.0**	**5.3**
Formal training programme	**10.6**	**21.0**	53.3	**17.3**
Foreign technology licences	75.0	61.4	77.7	71.1



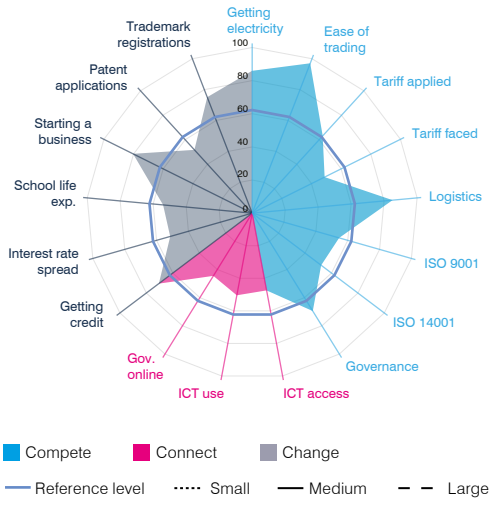
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	55.3	64.7	-	57.7
Domestic shipping reliability	85.7	85.7	71.3	85.7
Dealing with regulations	**15.7**	**13.6**	**8.6**	**14.5**
Customs clearance efficiency	-	-	-	-
Connect				
State of cluster development				72.9
Extent of marketing				74.4
Local supplier quality				71.4
University-industry collaboration in R&D				58.2
Change				
Access to finance	**99.3**	91.5	**97.3**	**96.7**
Access to educated workforce	46.5	66.7	66.7	53.2
Business licensing and permits	74.4	63.3	77.2	70.6



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	86.0
Ease of trading across borders	**97.0**
Applied tariff, trade-weighted average	63.2
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	48.9
Logistics performance index	85.1
ISO 9001 quality certificates	54.6
ISO 14001 environmental certificates	52.2
Governance index	69.5
Connect	
ICT access	47.4
ICT use	50.5
Government's online service	44.6
Change	
Ease of getting credit	70.6
Interest rate spread	51.5
School life expectancy	54.0
Ease of starting a business	80.3
Patent applications	51.7
Trademark registrations	75.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Technical Annex.

Paraguay

Key indicators

Population (millions)	7.1
GDP ($ billions)	41.9
GDP per capita ($)	5933.8
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-1.3
Tariff preference margin (percentage points)	5.4
Imports and exports (goods and services), share of GDP (%)	58.8
Services exports, share of total exports (%)	11.4
Geographic region	Americas
Country group	LLDC
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	39.4 ↑	49.9 ↑	36.1 ↑
	Medium	60.0 ↑	**83.0** ↑	58.7 ↓
	Large	66.2 ↓	**94.3** ↑	75.3 ↓
	All	49.5 ↓	63.6 ↑	51.5 ↓
BUSINESS ECOSYSTEM		46.4 ↑	47.2 ↑	54.9 ↑
NATIONAL ENVIRONMENT		54.6 ↑	56.1 ↓	50.2 ↑

Reference level (a function of GDP per capita): 54.6

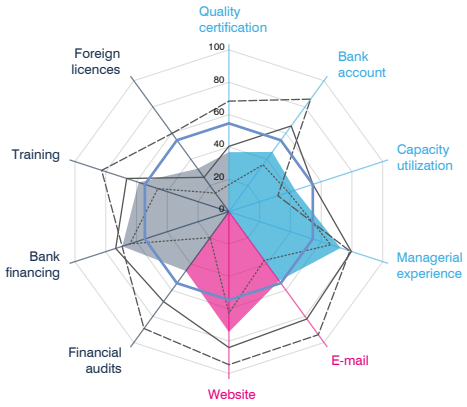
Weaknesses are scores below: 27.3 | **Strengths are scores above: 81.8**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

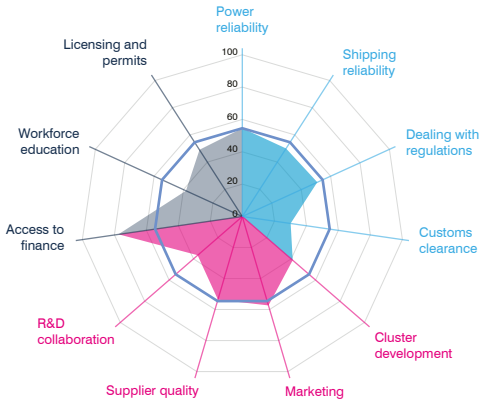
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**16.6** ↑	40.4 ↓	68.3 ↓	36.8 ↓
Bank account	35.8 ↑	65.5 ↑	**86.0** ↑	45.7 ↑
Capacity utilization	38.7 ↓	54.6 ↑	31.9 ↓	43.1 ↓
Managerial experience	66.2 ↑	79.6 ↑	78.7 ↑	72.6 ↑
Connect				
E-mail	37.2 ↑	**82.0** ↑	**94.0** ↑	52.9 ↑
Firm website	62.6 ↑	**84.0** ↑	**94.6** ↑	74.4 ↑
Change				
Audited financial statement	**19.7** ↓	68.7 ↑	**89.2** ↓	45.3 ↓
Investment financed by banks	64.3 ↓	73.5 ↑	69.4 ↓	69.2 ↑
Formal training programme	46.1 ↑	66.4 ↓	**82.7** ↓	58.6 ↓
Foreign technology licences	**14.3** ↑	**26.2** ↓	59.8 ↓	32.8 ↓



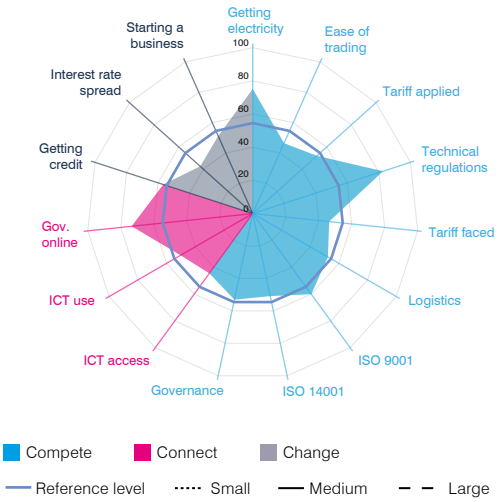
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	49.4 ↓	60.4 ↓	64.7 ↑	54.5 ↓
Domestic shipping reliability	50.0 ↓	59.5 ↑	38.5 ↓	50.0 ↓
Dealing with regulations	47.8 ↑	54.2 ↑	56.5 ↑	51.0 ↑
Customs clearance efficiency	- -	- -	33.1 ↑	30.2 ↑
Connect				
State of cluster development				41.3 ↑
Extent of marketing				57.3 ↑
Local supplier quality				53.7 ↑
University-industry collaboration in R&D				36.6 ↑
Change				
Access to finance	74.0 ↑	80.3 ↑	**83.3** ↑	77.4 ↑
Access to educated workforce	44.5 ↑	36.2 ↑	**22.9** ↑	38.3 ↑
Business licensing and permits	47.9 ↑	55.7 ↑	40.6 ↑	49.0 ↑



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	75.2 ↑
Ease of trading across borders	46.5 ↑
Applied tariff, trade-weighted average	52.1 ↑
Prevalence of technical regulations	**82.6** -
Faced tariff, trade-weighted average	46.4 ↑
Logistics performance index	52.4 ↓
ISO 9001 quality certificates	60.1 ↑
ISO 14001 environmental certificates	50.9 ↑
Governance index	53.1 ↑
Connect	
ICT access	44.5 ↓
ICT use	50.3 ↑
Government's online service	73.5 ↑
Change	
Ease of getting credit	56.7 →
Interest rate spread	42.6 ↑
School life expectancy	- -
Ease of starting a business	51.2 ↑
Patent applications	- -
Trademark registrations	- -



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Peru

Key indicators

Population (millions)	32.2
GDP ($ billions)	228.9
GDP per capita ($)	7118.4
Share of world GDP (PPP$, %)	0.3
Current account surplus/deficit, share of GDP (%)	-1.8
Tariff preference margin (percentage points)	2.2
Imports and exports (goods and services), share of GDP (%)	46.7
Services exports, share of total exports (%)	14.4
Geographic region	Americas
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	51.9 ↑	67.6 ↑	50.9 ↑
	Medium	61.9 ↑	**88.7** ↑	56.8 ↓
	Large	74.1 ↓	**97.1** ↑	80.7 ↑
	All	58.9 ↑	79.2 ↑	57.9 ↑
BUSINESS ECOSYSTEM		47.6 ↑	52.2 ↓	44.9 ↓
NATIONAL ENVIRONMENT		74.5 ↑	58.7 ↓	55.1 ↑

Reference level (a function of GDP per capita): 56.0

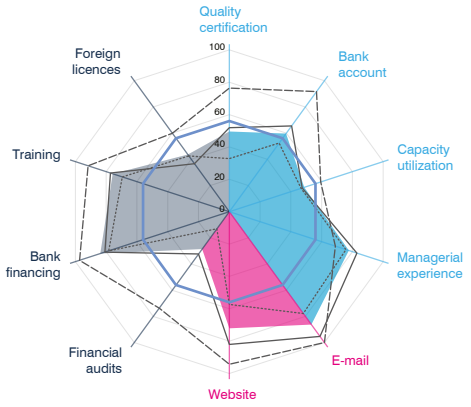
Weaknesses are scores below: 28.0 | **Strengths are scores above: 84.0**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

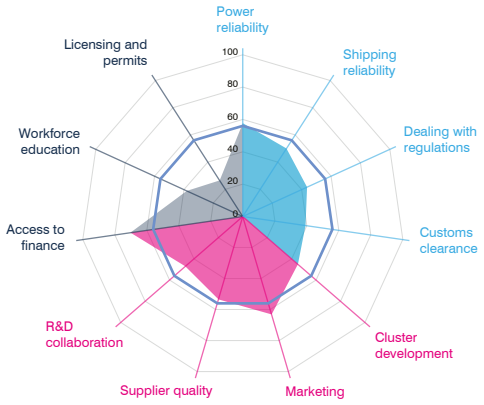
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	32.8 ↓	51.9 ↑	76.4 ↓	49.5 ↑
Bank account	52.4 ↑	65.5 ↑	**91.8** ↑	59.7 ↑
Capacity utilization	46.7 ↑	47.4 ↑	59.4 ↑	48.8 ↑
Managerial experience	75.8 ↑	82.9 ↑	68.9 ↓	77.7 ↑
Connect				
E-mail	77.8 ↑	**95.3** ↑	**100.0** ↑	**86.3** ↑
Firm website	57.4 ↑	82.1 ↑	**94.3** ↑	72.1 ↑
Change				
Audited financial statement	**13.1** ↓	32.3 ↑	73.7 ↑	28.5 ↓
Investment financed by banks	78.4 ↓	80.8 ↑	**97.3** ↑	83.8 ↑
Formal training programme	69.5 ↑	77.2 ↓	**91.8** ↓	75.7 ↑
Foreign technology licences	42.6 ↑	36.6 ↑	59.9 ↓	43.6 ↑



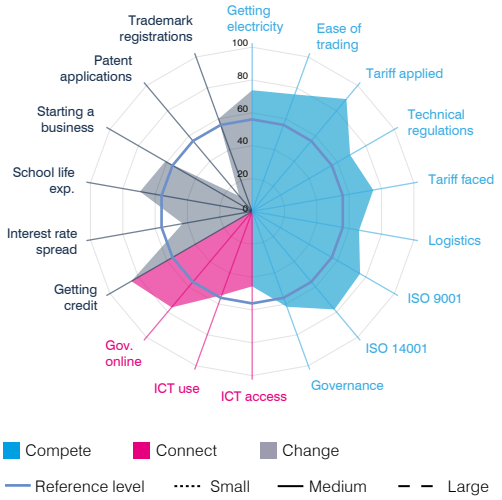
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	51.8 ↑	64.7 ↑	71.8 ↑	57.7 ↑
Domestic shipping reliability	50.0 ↓	50.0 ↓	56.7 ↓	50.0 ↓
Dealing with regulations	44.8 ↑	43.7 ↓	39.5 ↓	43.7 ↑
Customs clearance efficiency	34.7 ↑	44.5 ↑	34.5 ↑	39.2 ↑
Connect				
State of cluster development				45.1 ↓
Extent of marketing				63.2 ↓
Local supplier quality				53.5 ↓
University-industry collaboration in R&D				47.1 ↑
Change				
Access to finance	70.0 ↓	71.2 ↑	68.0 ↓	70.2 ↓
Access to educated workforce	46.2 ↓	31.1 ↑	32.7 ↓	38.1 ↓
Business licensing and permits	31.8 ↓	**23.9** ↑	**17.5** ↓	**26.5** ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	73.8 ↑
Ease of trading across borders	75.8 ↑
Applied tariff, trade-weighted average	**89.3** ↑
Prevalence of technical regulations	68.9 -
Faced tariff, trade-weighted average	74.9 ↑
Logistics performance index	66.1 ↑
ISO 9001 quality certificates	75.9 ↑
ISO 14001 environmental certificates	77.9 ↑
Governance index	61.8 ↑
Connect	
ICT access	45.6 ↓
ICT use	54.3 ↓
Government's online service	76.3 ↑
Change	
Ease of getting credit	**85.0** →
Interest rate spread	43.0 ↑
School life expectancy	69.4 -
Ease of starting a business	61.0 ↑
Patent applications	**12.2** ↑
Trademark registrations	60.0 ↑



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Philippines

Key indicators

Population (millions)	107.0
GDP ($ billions)	331.7
GDP per capita ($)	3099.3
Share of world GDP (PPP$, %)	0.7
Current account surplus/deficit, share of GDP (%)	-1.5
Tariff preference margin (percentage points)	1.7
Imports and exports (goods and services), share of GDP (%)	74.1
Services exports, share of total exports (%)	34.1
Geographic region	Asia
Country group	
Income group	Lower-middle income

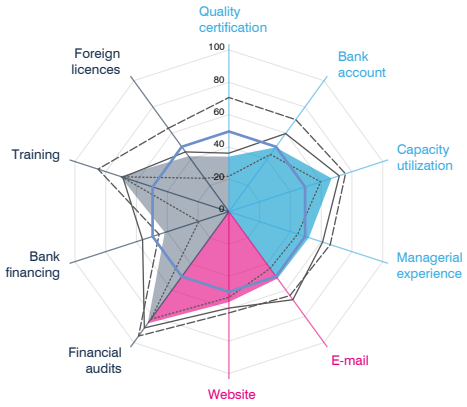
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	42.5	48.1	49.2
	Medium	57.1	63.4	64.9
	Large	70.6	63.3	72.2
	All	50.5	53.5	60.0
BUSINESS ECOSYSTEM		52.6	65.3	63.4
NATIONAL ENVIRONMENT		**75.3**	59.4	42.8
Reference level (a function of GDP per capita): 49.5				
Weaknesses are scores below: 24.8			**Strengths are scores above: 74.3**	

SME Competitiveness Grid

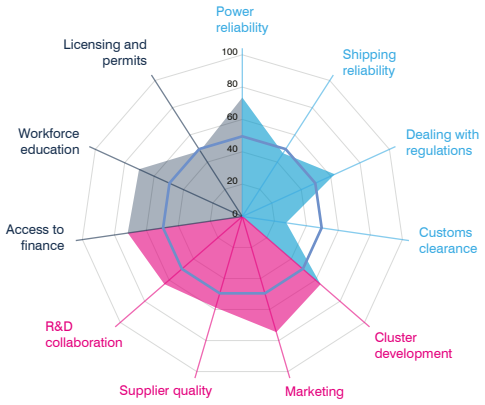
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**21.9**	36.1	70.6	34.0
Bank account	43.7	59.7	70.3	49.2
Capacity utilization	59.6	71.8	**75.8**	66.8
Managerial experience	44.8	60.9	65.9	52.0
Connect				
E-mail	43.3	67.3	64.2	51.1
Firm website	52.9	59.5	62.5	55.9
Change				
Audited financial statement	**82.2**	**88.8**	**95.0**	**85.3**
Investment financed by banks	**19.5**	56.1	45.3	41.6
Formal training programme	69.7	68.9	**85.0**	70.7
Foreign technology licences	25.5	45.7	63.7	42.3



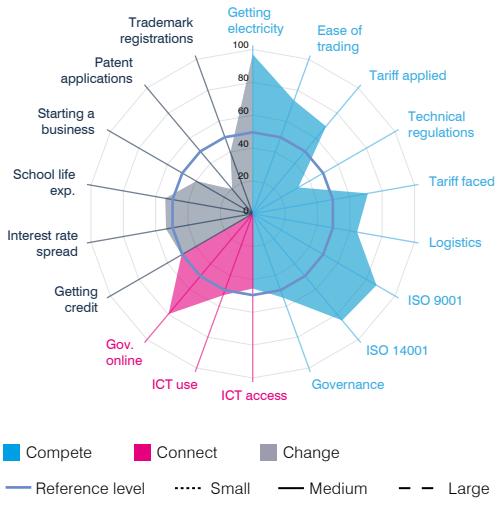
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**77.7**	70.2	68.7	73.6
Domestic shipping reliability	35.4	59.5	66.6	46.5
Dealing with regulations	63.2	61.2	70.7	62.8
Customs clearance efficiency	31.5	24.9	28.5	27.5
Connect				
State of cluster development				64.0
Extent of marketing				**74.6**
Local supplier quality				58.7
University-industry collaboration in R&D				63.9
Change				
Access to finance	**74.7**	64.3	**84.0**	71.7
Access to educated workforce	**75.5**	63.2	65.1	70.3
Business licensing and permits	51.2	45.0	39.4	48.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**97.1**
Ease of trading across borders	73.4
Applied tariff, trade-weighted average	69.5
Prevalence of technical regulations	32.0
Faced tariff, trade-weighted average	71.3
Logistics performance index	64.6
ISO 9001 quality certificates	**87.0**
ISO 14001 environmental certificates	**84.8**
Governance index	54.5
Connect	
ICT access	45.5
ICT use	52.8
Government's online service	**79.8**
Change	
Ease of getting credit	50.0
Interest rate spread	53.6
School life expectancy	54.1
Ease of starting a business	39.6
Patent applications	**19.5**
Trademark registrations	39.8



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Technical Annex.

Poland

Key indicators

Population (millions)	38.0
GDP ($ billions)	549.5
GDP per capita ($)	14468.8
Share of world GDP (PPP$, %)	0.9
Current account surplus/deficit, share of GDP (%)	-0.8
Tariff preference margin (percentage points)	1.8
Imports and exports (goods and services), share of GDP (%)	102.3
Services exports, share of total exports (%)	21.1
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	55.7	71.2	34.0
	Medium	59.5	85.5	43.7
	Large	73.9	**92.8**	61.4
	All	59.5	77.6	41.7
BUSINESS ECOSYSTEM		48.9	67.4	60.7
NATIONAL ENVIRONMENT		83.4	64.7	78.2

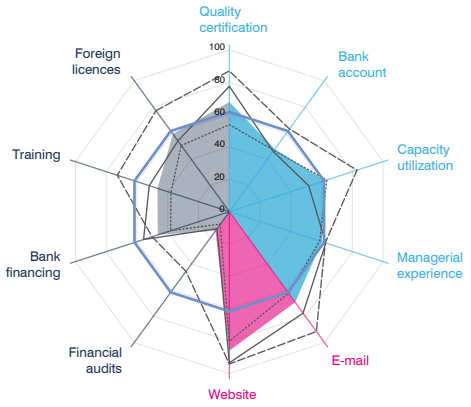
Reference level (a function of GDP per capita): 61.6

Weaknesses are scores below: 30.8 | **Strengths are scores above: 92.4**

SME Competitiveness Grid

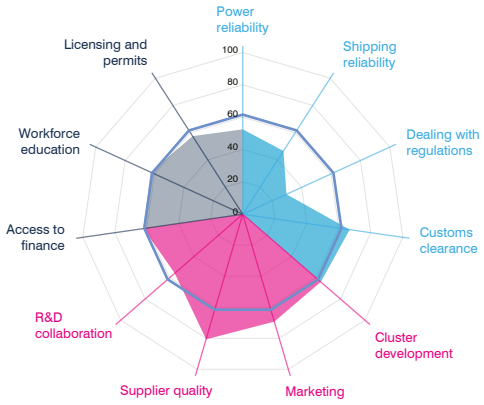
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	53.8	77.5	87.0	67.8
Bank account	46.8	46.1	63.2	47.8
Capacity utilization	63.4	51.6	83.0	62.3
Managerial experience	58.7	62.7	62.4	60.2
Connect				
E-mail	62.4	77.5	91.5	69.2
Firm website	80.0	**93.4**	**94.1**	85.9
Change				
Audited financial statement	**9.5**	**13.0**	45.6	**14.5**
Investment financed by banks	38.1	55.7	50.2	46.5
Formal training programme	37.9	52.0	72.8	46.7
Foreign technology licences	50.5	54.0	77.1	59.3



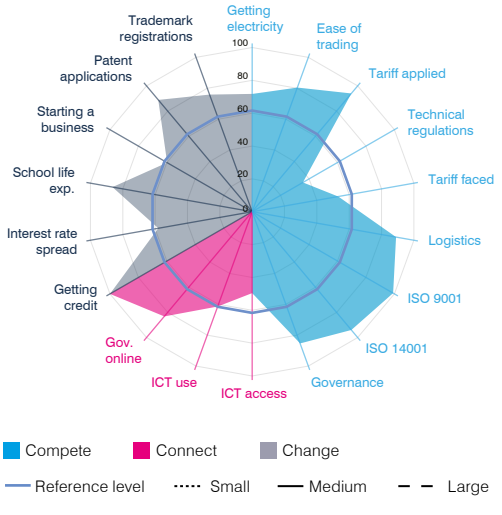
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	47.8	61.4	55.3	52.5
Domestic shipping reliability	42.1	44.9	62.8	46.5
Dealing with regulations	**30.0**	**30.1**	**27.3**	**29.7**
Customs clearance efficiency	75.0	68.4	57.4	66.8
Connect				
State of cluster development				63.9
Extent of marketing				69.3
Local supplier quality				80.7
University-industry collaboration in R&D				55.7
Change				
Access to finance	55.7	69.0	80.5	62.1
Access to educated workforce	60.3	60.5	86.9	62.6
Business licensing and permits	52.7	59.5	86.7	57.4



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	71.8
Ease of trading across borders	80.5
Applied tariff, trade-weighted average	**94.0**
Prevalence of technical regulations	35.7
Faced tariff, trade-weighted average	53.3
Logistics performance index	89.0
ISO 9001 quality certificates	**99.2**
ISO 14001 environmental certificates	**94.0**
Governance index	85.3
Connect	
ICT access	49.5
ICT use	61.4
Government's online service	83.2
Change	
Ease of getting credit	**100.0**
Interest rate spread	58.1
School life expectancy	86.4
Ease of starting a business	59.8
Patent applications	89.0
Trademark registrations	75.9



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Republic of Moldova

Key indicators

Population (millions)	3.5
GDP ($ billions)	11.4
GDP per capita ($)	3226.7
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-7.4
Tariff preference margin (percentage points)	4.4
Imports and exports (goods and services), share of GDP (%)	98.9
Services exports, share of total exports (%)	34.1
Geographic region	Europe
Country group	LLDC
Income group	Lower-middle income

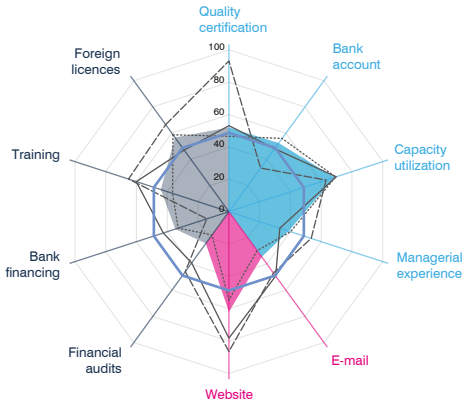
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	53.0	42.2	36.5
	Medium	51.0	63.7	47.2
	Large	60.8	66.6	47.9
	All	53.0	48.3	40.0
BUSINESS ECOSYSTEM		56.6	40.8	61.7
NATIONAL ENVIRONMENT		51.5	60.7	60.7
Reference level (a function of GDP per capita): 48.7				
Weaknesses are scores below: 24.4		**Strengths are scores above: 73.1**		

SME Competitiveness Grid

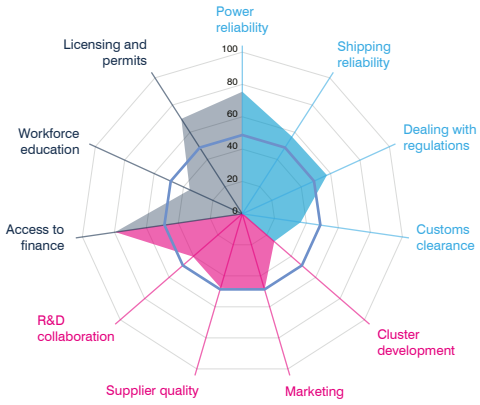
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	46.5	53.1	**93.1**	52.0
Bank account	55.9	48.1	33.3	52.4
Capacity utilization	69.4	69.8	63.2	68.7
Managerial experience	40.2	33.1	53.5	38.9
Connect				
E-mail	29.7	49.2	46.8	34.6
Firm website	54.6	**78.2**	**86.4**	62.0
Change				
Audited financial statement	**17.8**	39.1	45.8	**24.2**
Investment financed by banks	33.0	42.6	**14.3**	34.8
Formal training programme	36.6	60.1	65.2	44.3
Foreign technology licences	58.7	47.1	66.5	56.7



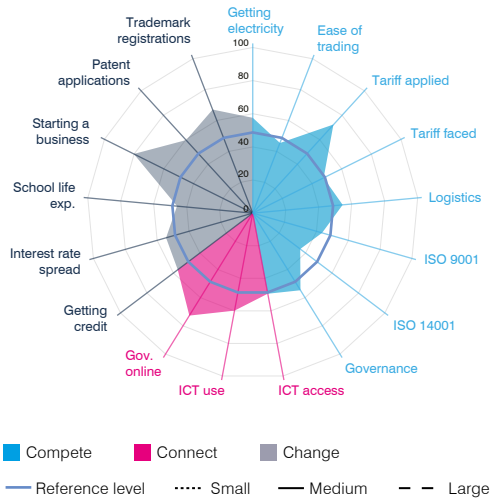
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**73.6**	**77.7**	**75.5**	**75.5**
Domestic shipping reliability	52.0	66.6	**100.0**	56.7
Dealing with regulations	59.3	52.1	70.7	57.5
Customs clearance efficiency	-	**78.8**	-	36.5
Connect				
State of cluster development				26.1
Extent of marketing				48.7
Local supplier quality				47.8
University-industry collaboration in R&D				40.4
Change				
Access to finance	**85.9**	68.8	54.7	**79.5**
Access to educated workforce	37.6	30.1	46.4	35.8
Business licensing and permits	62.6	**97.6**	**87.3**	69.8



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	57.6
Ease of trading across borders	45.4
Applied tariff, trade-weighted average	72.4
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	47.9
Logistics performance index	54.5
ISO 9001 quality certificates	43.6
ISO 14001 environmental certificates	36.0
Governance index	54.8
Connect	
ICT access	49.5
ICT use	59.9
Government's online service	72.7
Change	
Ease of getting credit	56.7
Interest rate spread	54.4
School life expectancy	45.9
Ease of starting a business	**80.2**
Patent applications	59.7
Trademark registrations	67.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Romania

Key indicators

Population (millions)	19.6
GDP ($ billions)	239.4
GDP per capita ($)	12189.5
Share of world GDP (PPP$, %)	0.4
Current account surplus/deficit, share of GDP (%)	-3.5
Tariff preference margin (percentage points)	2.5
Imports and exports (goods and services), share of GDP (%)	91.5
Services exports, share of total exports (%)	24.9
Geographic region	Europe
Country group	
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	42.6	64.8	46.2
	Medium	51.5	77.6	53.9
	Large	52.8	**94.9**	64.8
	All	46.1	68.5	49.2
BUSINESS ECOSYSTEM		67.9	51.5	38.3
NATIONAL ENVIRONMENT		73.7	56.4	72.0

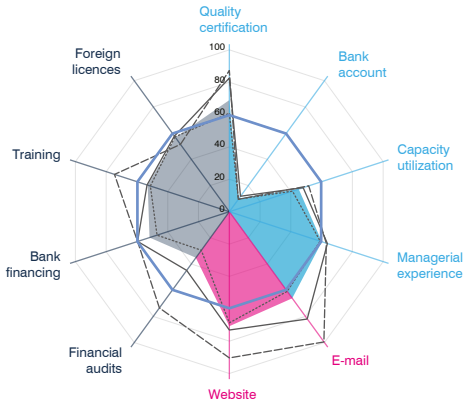
Reference level (a function of GDP per capita): 59.7

Weaknesses are scores below: 29.9 | **Strengths are scores above: 89.6**

SME Competitiveness Grid

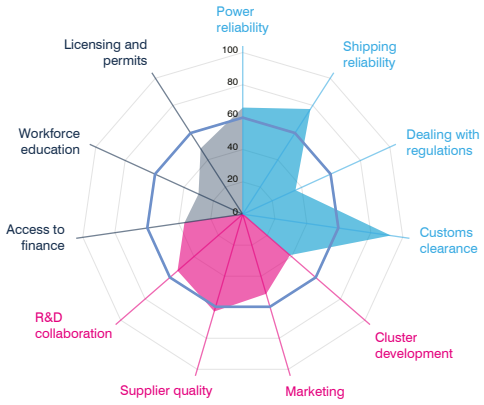
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	60.8	82.6	87.2	68.9
Bank account	**9.5**	**11.8**	**9.4**	**10.1**
Capacity utilization	41.1	48.0	51.6	45.2
Managerial experience	59.1	63.8	63.1	60.2
Connect				
E-mail	60.9	82.0	**99.5**	66.2
Firm website	68.7	73.1	**90.4**	70.8
Change				
Audited financial statement	**29.5**	44.8	73.5	35.2
Investment financed by banks	46.9	59.6	59.6	51.9
Formal training programme	51.3	53.4	74.6	53.0
Foreign technology licences	57.2	57.7	51.4	56.7



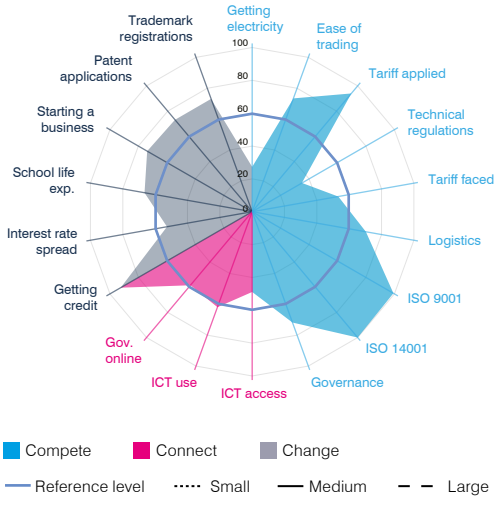
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	68.7	59.5	65.9	65.9
Domestic shipping reliability	71.3	**100.0**	56.7	77.3
Dealing with regulations	37.4	31.8	36.0	35.8
Customs clearance efficiency	**96.8**	**96.8**	81.7	**92.5**
Connect				
State of cluster development				38.6
Extent of marketing				51.4
Local supplier quality				62.7
University-industry collaboration in R&D				53.4
Change				
Access to finance	35.7	35.3	57.1	36.4
Access to educated workforce	**29.1**	34.6	**23.3**	30.1
Business licensing and permits	51.2	41.3	46.5	48.3



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**27.3**
Ease of trading across borders	73.4
Applied tariff, trade-weighted average	**94.0**
Prevalence of technical regulations	35.0
Faced tariff, trade-weighted average	53.3
Logistics performance index	70.3
ISO 9001 quality certificates	**99.3**
ISO 14001 environmental certificates	**100.0**
Governance index	71.7
Connect	
ICT access	48.8
ICT use	61.9
Government's online service	58.4
Change	
Ease of getting credit	**92.4**
Interest rate spread	52.7
School life expectancy	66.6
Ease of starting a business	73.8
Patent applications	73.1
Trademark registrations	73.1



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Russian Federation

Key indicators

Population (millions)	144.0
GDP ($ billions)	1576.5
GDP per capita ($)	10950.5
Share of world GDP (PPP$, %)	3.1
Current account surplus/deficit, share of GDP (%)	6.2
Tariff preference margin (percentage points)	1.1
Imports and exports (goods and services), share of GDP (%)	46.5
Services exports, share of total exports (%)	13.9
Geographic region	Europe
Country group	
Income group	Upper-middle income

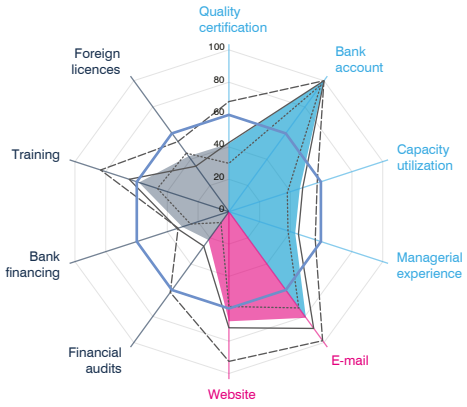
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	50.8	66.1	31.1
	Medium	59.0	80.5	39.9
	Large	70.4	**95.5**	57.9
	All	57.8	74.4	38.2
BUSINESS ECOSYSTEM		47.9	63.6	42.8
NATIONAL ENVIRONMENT		62.7	66.3	74.7
Reference level (a function of GDP per capita): 59.8				
Weaknesses are scores below: 29.9			**Strengths are scores above: 89.7**	

SME Competitiveness Grid

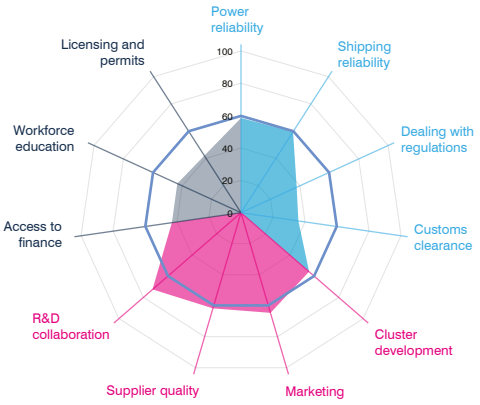
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**29.9**	42.7	68.1	42.1
Bank account	**96.9**	**100.0**	**100.0**	**100.0**
Capacity utilization	38.0	48.0	57.4	46.1
Managerial experience	38.4	45.2	56.1	43.1
Connect				
E-mail	73.5	89.2	**98.5**	81.0
Firm website	58.6	71.7	**92.5**	67.7
Change				
Audited financial statement	**8.3**	**26.4**	61.6	**21.6**
Investment financed by banks	**24.9**	33.6	33.0	30.3
Formal training programme	46.4	64.8	83.3	58.4
Foreign technology licences	44.7	34.8	53.5	42.3



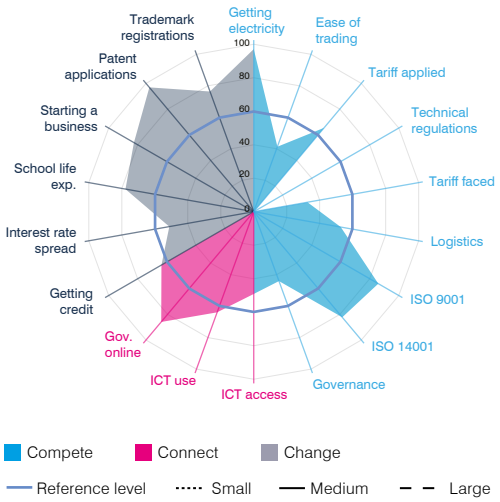
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	54.5	62.4	60.4	58.6
Domestic shipping reliability	54.2	66.6	62.8	59.5
Dealing with regulations	38.6	36.9	37.3	37.8
Customs clearance efficiency	36.5	39.2	**28.9**	35.8
Connect				
State of cluster development				55.7
Extent of marketing				64.6
Local supplier quality				61.7
University-industry collaboration in R&D				72.5
Change				
Access to finance	43.4	49.0	30.6	43.2
Access to educated workforce	46.8	36.7	48.0	43.4
Business licensing and permits	47.7	37.8	33.9	41.9



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**97.1**
Ease of trading across borders	41.3
Applied tariff, trade-weighted average	65.5
Prevalence of technical regulations	**0.0**
Faced tariff, trade-weighted average	32.6
Logistics performance index	52.8
ISO 9001 quality certificates	85.9
ISO 14001 environmental certificates	82.2
Governance index	44.1
Connect	
ICT access	49.1
ICT use	63.9
Government's online service	85.9
Change	
Ease of getting credit	63.6
Interest rate spread	51.2
School life expectancy	77.8
Ease of starting a business	82.6
Patent applications	**97.0**
Trademark registrations	76.4



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2012) for firm level data; for other sources and methodology see Technical Annex.

Rwanda

Key indicators

Population (millions)	12.1
GDP ($ billions)	9.7
GDP per capita ($)	800.2
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-8.9
Tariff preference margin (percentage points)	1.2
Imports and exports (goods and services), share of GDP (%)	43.1
Services exports, share of total exports (%)	62.1
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

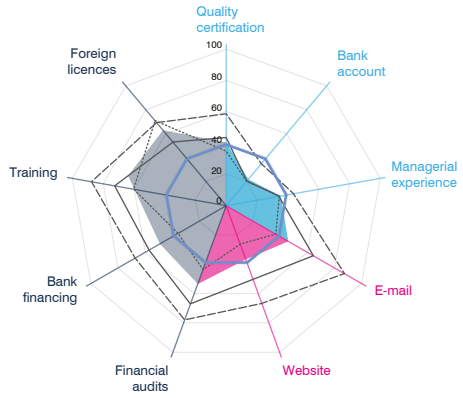
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	29.8	31.5	52.6
	Medium	32.6	57.3	**62.4**
	Large	45.7	**77.1**	**75.5**
	All	32.2	41.7	58.1
BUSINESS ECOSYSTEM		51.2	**63.0**	45.2
NATIONAL ENVIRONMENT		48.5	43.9	51.4
Reference level (a function of GDP per capita): 38.9				
Weaknesses are scores below: 19.4			**Strengths are scores above: 58.3**	

SME Competitiveness Grid

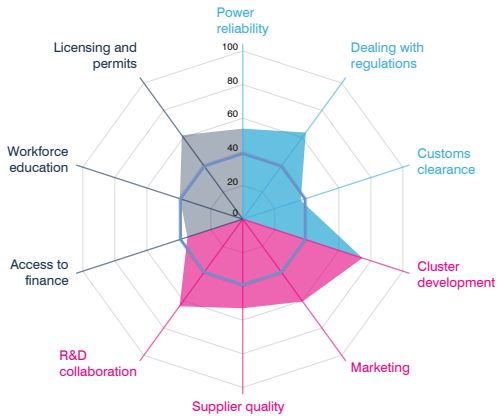
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	34.7	43.4	**58.6**	40.4
Bank account	20.1	20.4	34.9	21.3
Capacity utilization	-	-	-	-
Managerial experience	34.5	34.0	43.5	34.9
Connect				
E-mail	36.6	**64.4**	**87.3**	45.9
Firm website	26.4	50.3	**66.8**	37.4
Change				
Audited financial statement	43.8	**67.1**	**78.0**	53.5
Investment financed by banks	35.7	57.0	**67.3**	49.6
Formal training programme	**60.2**	**72.5**	**87.6**	**66.9**
Foreign technology licences	**70.8**	52.9	**69.2**	**62.4**



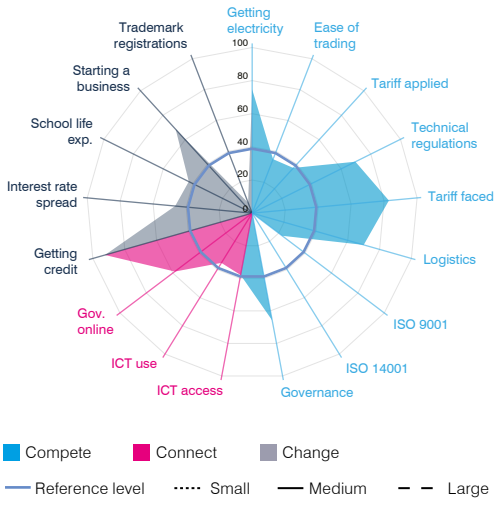
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	55.3	53.8	45.8	53.8
Domestic shipping reliability	-	-	-	-
Dealing with regulations	**66.3**	**60.8**	58.2	**63.7**
Customs clearance efficiency	-	35.8	42.0	36.2
Connect				
State of cluster development				**74.8**
Extent of marketing				**60.4**
Local supplier quality				52.9
University-industry collaboration in R&D				**64.0**
Change				
Access to finance	32.4	39.7	35.7	34.6
Access to educated workforce	43.1	39.2	20.7	39.3
Business licensing and permits	57.7	**71.9**	**63.0**	**61.7**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**74.7**
Ease of trading across borders	35.0
Applied tariff, trade-weighted average	36.9
Prevalence of technical regulations	**69.6**
Faced tariff, trade-weighted average	**82.9**
Logistics performance index	**70.0**
ISO 9001 quality certificates	22.7
ISO 14001 environmental certificates	**0.0**
Governance index	**65.9**
Connect	
ICT access	38.0
ICT use	35.3
Government's online service	**58.4**
Change	
Ease of getting credit	**92.4**
Interest rate spread	46.7
School life expectancy	42.8
Ease of starting a business	**68.5**
Patent applications	-
Trademark registrations	**6.7**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2011) for firm level data; for other sources and methodology see Technical Annex.

Senegal

Key indicators

Population (millions)	16.3
GDP ($ billions)	24.2
GDP per capita ($)	1485.4
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-7.7
Tariff preference margin (percentage points)	7.7
Imports and exports (goods and services), share of GDP (%)	56.3
Services exports, share of total exports (%)	32.1
Geographic region	Africa
Country group	LDC
Income group	Low income

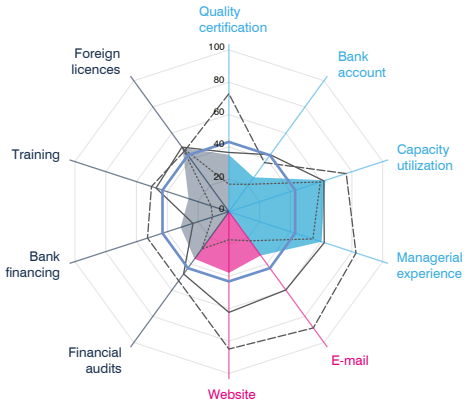
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	38.0	**19.8**	24.9
	Medium	50.9	61.0	41.9
	Large	**67.3**	**86.8**	50.6
	All	46.1	35.7	35.6
BUSINESS ECOSYSTEM		50.9	58.0	51.6
NATIONAL ENVIRONMENT		53.5	43.0	50.2
Reference level (a function of GDP per capita): 43.1				
Weaknesses are scores below: 21.6			**Strengths are scores above: 64.7**	

SME Competitiveness Grid

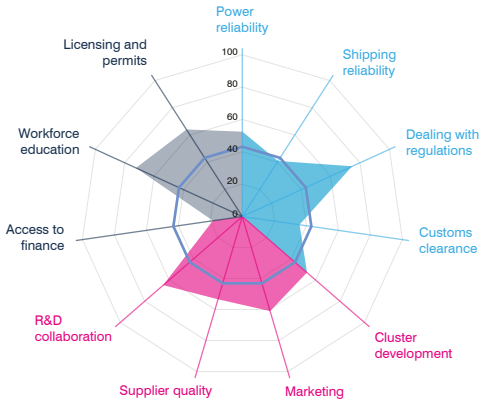
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**17.0**	36.6	**72.9**	35.2
Bank account	**20.9**	43.5	37.5	26.2
Capacity utilization	59.4	61.7	**76.3**	62.7
Managerial experience	54.6	62.0	**82.6**	60.2
Connect				
E-mail	22.2	59.8	**88.8**	33.5
Firm website	**17.3**	62.2	**84.9**	37.8
Change				
Audited financial statement	28.4	47.5	52.8	36.0
Investment financed by banks	**10.6**	23.3	52.9	31.3
Formal training programme	**11.5**	47.3	50.3	26.2
Foreign technology licences	48.9	49.3	46.5	48.7



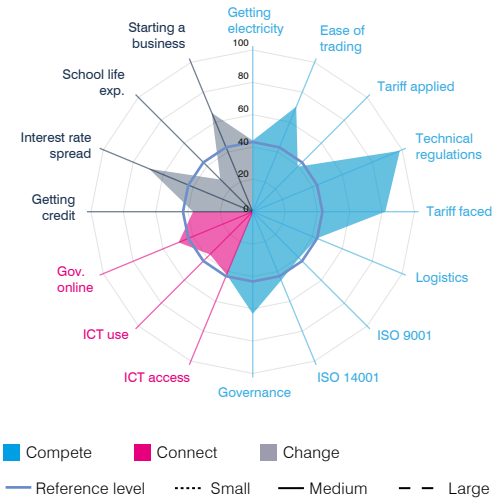
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	53.1	50.6	54.5	52.5
Domestic shipping reliability	32.7	50.0	**85.7**	40.8
Dealing with regulations	**81.3**	63.7	**67.7**	**74.7**
Customs clearance efficiency	-	37.3	31.4	35.7
Connect				
State of cluster development				52.9
Extent of marketing				61.0
Local supplier quality				53.4
University-industry collaboration in R&D				**64.8**
Change				
Access to finance	**12.3**	26.4	39.3	**18.4**
Access to educated workforce	**78.9**	63.4	61.3	**72.4**
Business licensing and permits	**68.3**	47.2	**84.4**	64.0



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	44.0
Ease of trading across borders	**70.3**
Applied tariff, trade-weighted average	39.3
Prevalence of technical regulations	**98.5**
Faced tariff, trade-weighted average	**82.0**
Logistics performance index	42.9
ISO 9001 quality certificates	40.6
ISO 14001 environmental certificates	45.9
Governance index	63.2
Connect	
ICT access	42.2
ICT use	37.4
Government's online service	49.6
Change	
Ease of getting credit	36.9
Interest rate spread	**69.5**
School life expectancy	28.2
Ease of starting a business	**66.2**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2014) for firm level data; for other sources and methodology see Technical Annex.

Serbia

Key indicators

Population (millions)	7.0
GDP ($ billions)	47.7
GDP per capita ($)	6814.8
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-5.7
Tariff preference margin (percentage points)	5.9
Imports and exports (goods and services), share of GDP (%)	112.9
Services exports, share of total exports (%)	26.0
Geographic region	Europe
Country group	
Income group	Upper-middle income

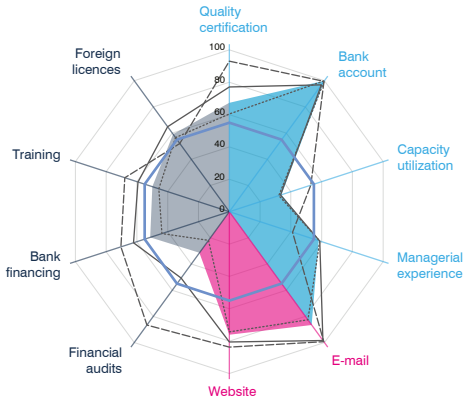
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	62.9	78.8	42.2
	Medium	66.6	**89.9**	59.6
	Large	72.0	**92.0**	69.4
	All	64.9	81.6	48.1
BUSINESS ECOSYSTEM		63.6	52.2	68.9
NATIONAL ENVIRONMENT		65.0	68.2	66.6
Reference level (a function of GDP per capita): 55.0				
Weaknesses are scores below: 27.5		**Strengths are scores above: 82.5**		

SME Competitiveness Grid

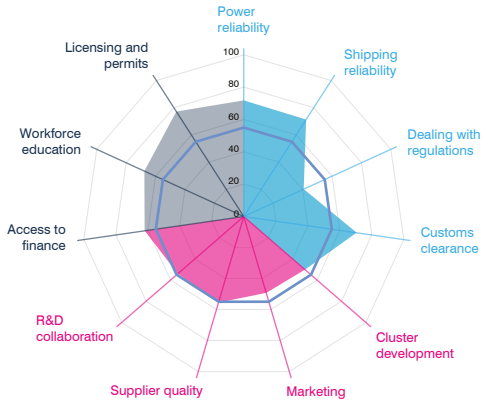
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	60.4	77.1	**93.5**	67.3
Bank account	**100.0**	**96.9**	**100.0**	**100.0**
Capacity utilization	32.2	33.3	53.0	34.0
Managerial experience	59.1	59.1	41.4	58.4
Connect				
E-mail	**82.9**	**99.0**	**100.0**	**86.6**
Firm website	74.7	80.9	**84.0**	76.6
Change				
Audited financial statement	**21.9**	50.7	**87.1**	31.4
Investment financed by banks	44.3	63.0	70.4	51.9
Formal training programme	45.8	59.3	67.9	50.1
Foreign technology licences	56.6	65.3	52.1	59.1



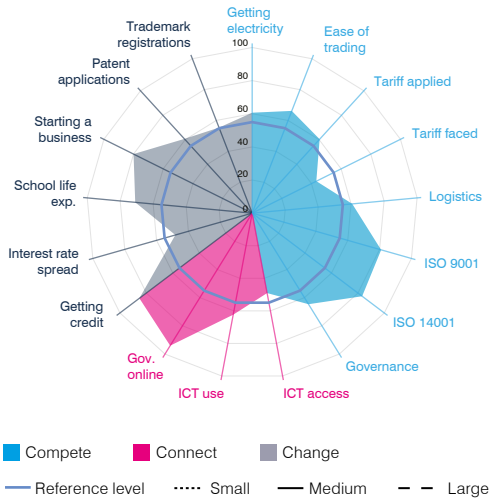
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	70.2	77.7	80.1	71.8
Domestic shipping reliability	71.3	**85.7**	77.3	71.3
Dealing with regulations	43.0	36.0	33.2	40.7
Customs clearance efficiency	65.3	**84.7**	78.8	70.5
Connect				
State of cluster development				50.2
Extent of marketing				49.3
Local supplier quality				55.5
University-industry collaboration in R&D				54.0
Change				
Access to finance	65.5	52.1	59.9	62.0
Access to educated workforce	67.0	69.6	69.1	67.6
Business licensing and permits	**82.7**	61.7	**95.3**	77.2



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	60.6
Ease of trading across borders	66.2
Applied tariff, trade-weighted average	60.5
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	43.2
Logistics performance index	60.7
ISO 9001 quality certificates	81.0
ISO 14001 environmental certificates	**83.2**
Governance index	64.6
Connect	
ICT access	49.1
ICT use	61.7
Government's online service	**93.7**
Change	
Ease of getting credit	**85.0**
Interest rate spread	48.2
School life expectancy	70.9
Ease of starting a business	79.8
Patent applications	60.4
Trademark registrations	55.4



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Sierra Leone

Key indicators

Population (millions)	7.6
GDP ($ billions)	3.8
GDP per capita ($)	495.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-13.4
Tariff preference margin (percentage points)	1.1
Imports and exports (goods and services), share of GDP (%)	56.9
Services exports, share of total exports (%)	37.5
Geographic region	Africa
Country group	LDC
Income group	Low income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete		Connect		Change	
FIRM CAPABILITIES	Small	22.7	↓	5.9	↑	12.9	↓
	Medium	36.9	↓	27.2	↓	36.4	↓
	Large	40.2	↓	42.0	↓	64.3	↓
	All	25.4	↓	8.9	↑	19.1	↓
BUSINESS ECOSYSTEM		27.2	↓	36.0	↑	34.3	↓
NATIONAL ENVIRONMENT		34.3	↑	16.9	↑	42.5	↑

Reference level (a function of GDP per capita): 35.5

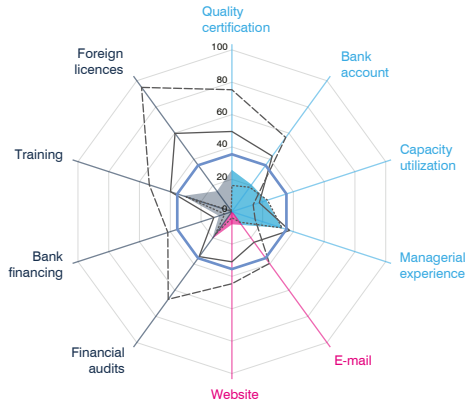
Weaknesses are scores below: 17.7 | **Strengths are scores above: 53.2**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

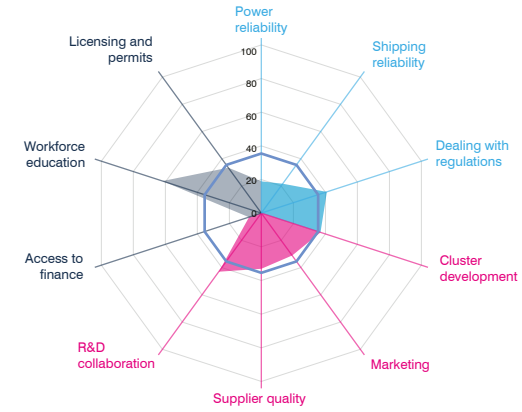
FIRM CAPABILITIES (Normalized scores)

Compete	Small		Medium		Large		All	
International quality certificate	16.2	↓	49.5	↓	75.3	↓	25.8	↓
Bank account	18.7	↑	42.5	↓	56.7	↓	20.7	↑
Capacity utilization	23.2	↓	17.9	↓	13.8	-	22.5	↓
Managerial experience	32.7	↓	37.6	↑	15.1	↓	32.7	↓
Connect								
E-mail	8.0	↑	23.4	↓	39.5	↓	10.1	↑
Firm website	3.7	↓	31.0	↓	44.5	↑	7.8	↓
Change								
Audited financial statement	17.5	↑	34.4	↓	67.0	↓	20.8	↑
Investment financed by banks	4.7	↓	11.7	↓	41.6	↓	8.3	↓
Formal training programme	29.5	↑	39.9	↓	53.6	↑	31.6	↑
Foreign technology licences	0.0	-	59.8	-	94.9	-	15.7	-



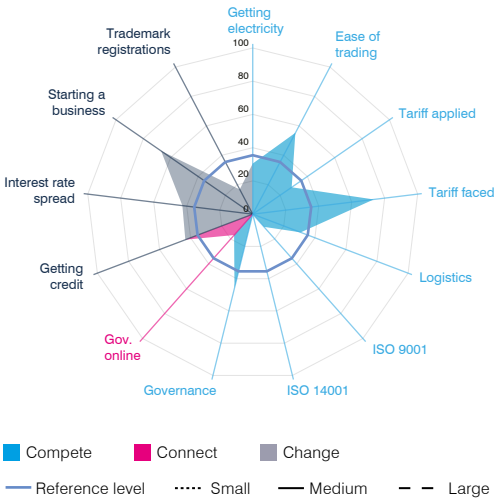
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small		Medium		Large		All	
Power reliability	17.9	↓	25.4	↓	28.8	↑	18.9	↓
Domestic shipping reliability	22.2	-	16.0	-	-	-	21.7	-
Dealing with regulations	42.6	↓	30.0	↓	43.0	↑	40.9	↓
Customs clearance efficiency	-	-	-	-	-	-	-	-
Connect								
State of cluster development							36.9	↓
Extent of marketing							31.1	↑
Local supplier quality							33.1	↓
University-industry collaboration in R&D							43.0	↑
Change								
Access to finance	5.7	↓	14.8	↓	58.3	↑	7.8	↓
Access to educated workforce	60.9	↑	64.0	↑	87.5	↑	61.9	↑
Business licensing and permits	33.9	↓	30.6	↑	29.7	↑	33.4	↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All	
Getting electricity	30.5	↑
Ease of trading across borders	55.3	↑
Applied tariff, trade-weighted average	28.5	↓
Prevalence of technical regulations	-	-
Faced tariff, trade-weighted average	73.4	↑
Logistics performance index	30.9	↑
ISO 9001 quality certificates	10.3	↑
ISO 14001 environmental certificates	0.0	-
Governance index	45.8	↑
Connect		
ICT access	-	-
ICT use	-	-
Government's online service	16.9	↑
Change		
Ease of getting credit	43.4	↑
Interest rate spread	42.7	↓
School life expectancy	-	-
Ease of starting a business	67.1	↑
Patent applications	-	-
Trademark registrations	16.8	↑



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2009 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Slovakia

Key indicators

Population (millions)	5.4
GDP ($ billions)	106.9
GDP per capita ($)	19642.1
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-1.8
Tariff preference margin (percentage points)	1.4
Imports and exports (goods and services), share of GDP (%)	193.9
Services exports, share of total exports (%)	10.4
Geographic region	Europe
Country group	OECD
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	65.4	94.0	54.8
	Medium	67.6	**96.6**	54.3
	Large	79.3	**100.0**	79.3
	All	67.4	**95.4**	57.9
BUSINESS ECOSYSTEM		72.0	67.1	67.3
NATIONAL ENVIRONMENT		78.5	57.3	70.2
Reference level (a function of GDP per capita): 63.4				
Weaknesses are scores below: 31.7		**Strengths are scores above: 95.1**		

SME Competitiveness Grid

FIRM CAPABILITIES (Normalized scores)

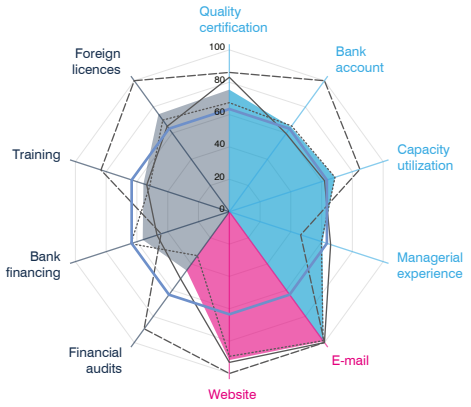
Compete	Small	Medium	Large	All
International quality certificate	67.4	83.1	86.0	75.4
Bank account	65.5	59.7	**100.0**	64.9
Capacity utilization	68.7	61.9	84.9	68.7
Managerial experience	59.8	65.9	46.4	60.6
Connect				
E-mail	**98.5**	**100.0**	**100.0**	**99.0**
Firm website	89.4	93.1	**100.0**	91.7
Change				
Audited financial statement	33.5	51.2	89.5	44.9
Investment financed by banks	64.0	46.9	44.3	56.3
Formal training programme	51.6	53.6	83.4	55.8
Foreign technology licences	69.9	65.2	**100.0**	74.4

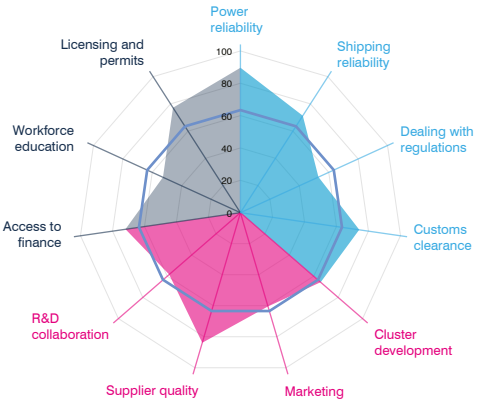
BUSINESS ECOSYSTEM (Normalized scores)

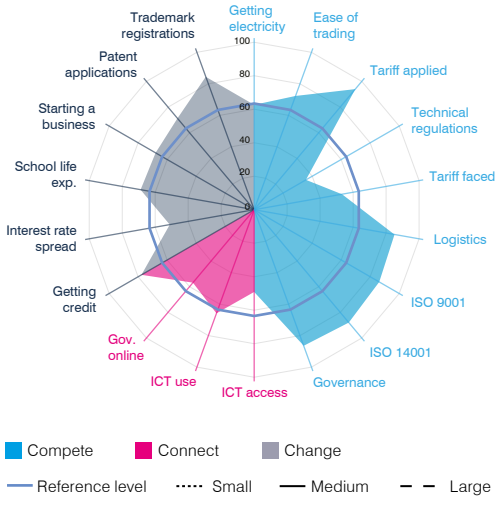
Compete	Small	Medium	Large	All
Power reliability	**100.0**	**100.0**	75.5	89.6
Domestic shipping reliability	54.2	**100.0**	85.7	71.3
Dealing with regulations	53.0	52.1	55.8	53.0
Customs clearance efficiency	80.2	76.2	60.7	74.2
Connect				
State of cluster development				65.6
Extent of marketing				60.5
Local supplier quality				83.9
University-industry collaboration in R&D				58.4
Change				
Access to finance	76.9	62.3	78.1	71.9
Access to educated workforce	55.4	50.2	46.9	52.7
Business licensing and permits	77.6	71.9	**95.3**	77.2

NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	62.6
Ease of trading across borders	72.4
Applied tariff, trade-weighted average	94.0
Prevalence of technical regulations	35.7
Faced tariff, trade-weighted average	53.3
Logistics performance index	85.1
ISO 9001 quality certificates	86.2
ISO 14001 environmental certificates	87.9
Governance index	86.4
Connect	
ICT access	49.1
ICT use	65.8
Government's online service	56.9
Change	
Ease of getting credit	77.7
Interest rate spread	51.2
School life expectancy	68.9
Ease of starting a business	67.9
Patent applications	71.2
Trademark registrations	84.5







Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Slovenia

Key indicators

Population (millions)	2.1
GDP ($ billions)	55.0
GDP per capita ($)	26586.0
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	6.3
Tariff preference margin (percentage points)	2.1
Imports and exports (goods and services), share of GDP (%)	143.8
Services exports, share of total exports (%)	22.0
Geographic region	Europe
Country group	OECD
Income group	High income

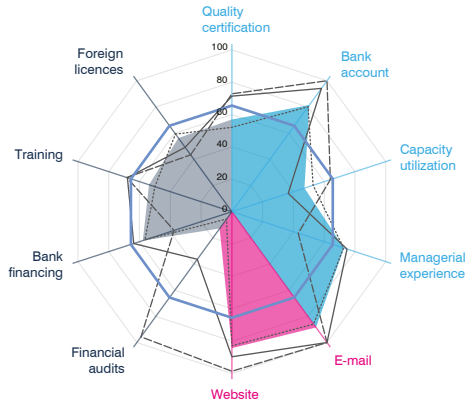
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	64.4	84.4	42.8
	Medium	69.2	94.8	54.2
	Large	70.0	**99.3**	61.2
	All	64.6	86.4	45.2
BUSINESS ECOSYSTEM		60.4	70.8	71.8
NATIONAL ENVIRONMENT		79.2	70.1	68.1
Reference level (a function of GDP per capita): 65.6				
Weaknesses are scores below: 32.8			**Strengths are scores above: 98.4**	

SME Competitiveness Grid

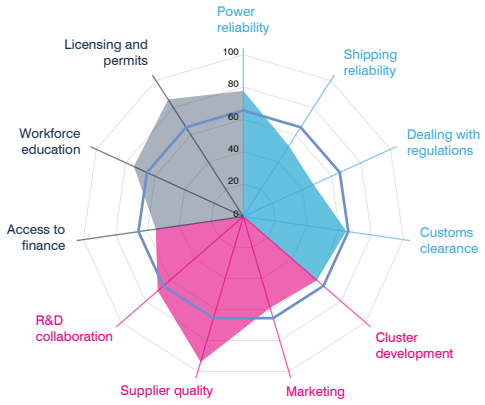
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	52.2	71.4	72.9	57.0
Bank account	80.1	94.2	**100.0**	81.4
Capacity utilization	52.8	36.6	64.0	47.2
Managerial experience	72.6	74.9	43.1	72.9
Connect				
E-mail	85.9	**100.0**	**100.0**	88.4
Firm website	82.9	89.7	**98.6**	84.3
Change				
Audited financial statement	**5.6**	36.3	95.6	**12.9**
Investment financed by banks	56.4	63.7	37.5	57.9
Formal training programme	50.1	67.8	68.3	53.8
Foreign technology licences	59.3	49.1	43.4	56.3



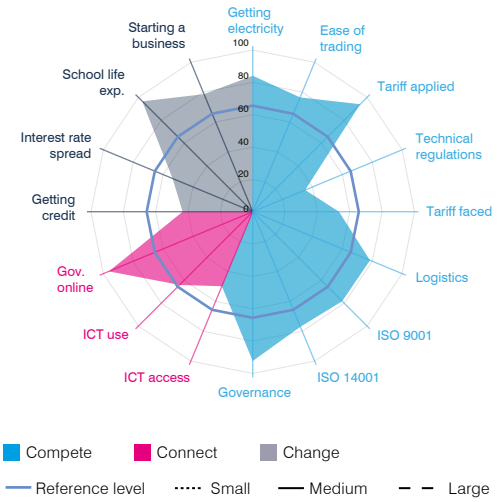
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	77.7	77.7	-	77.7
Domestic shipping reliability	44.9	**100.0**	85.7	52.0
Dealing with regulations	48.3	46.5	42.8	47.8
Customs clearance efficiency	62.6	65.9	57.9	64.4
Connect				
State of cluster development				60.1
Extent of marketing				58.9
Local supplier quality				93.9
University-industry collaboration in R&D				70.2
Change				
Access to finance	60.7	34.7	46.4	54.7
Access to educated workforce	75.8	68.3	86.9	74.5
Business licensing and permits	83.8	96.1	91.1	86.1



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	84.1
Ease of trading across borders	76.5
Applied tariff, trade-weighted average	94.0
Prevalence of technical regulations	35.1
Faced tariff, trade-weighted average	53.3
Logistics performance index	78.5
ISO 9001 quality certificates	78.2
ISO 14001 environmental certificates	77.0
Governance index	92.3
Connect	
ICT access	49.9
ICT use	64.0
Government's online service	96.3
Change	
Ease of getting credit	43.4
Interest rate spread	53.6
School life expectancy	96.6
Ease of starting a business	78.7
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Tajikistan

Key indicators

Population (millions)	9.1
GDP ($ billions)	7.3
GDP per capita ($)	807.0
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-4.7
Tariff preference margin (percentage points)	0.6
Imports and exports (goods and services), share of GDP (%)	71.6
Services exports, share of total exports (%)	20.2
Geographic region	Asia
Country group	LLDC
Income group	Low income

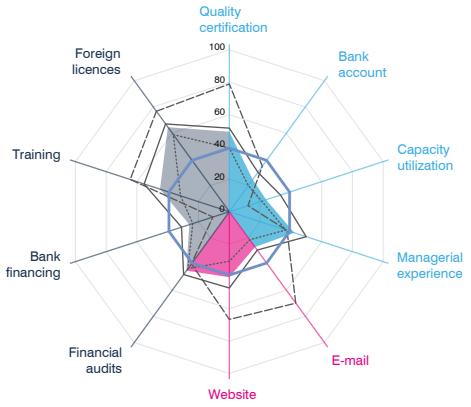
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	29.3	26.0	39.4
	Medium	41.2	38.3	50.4
	Large	40.8	**68.3**	47.9
	All	35.1	33.8	45.2
BUSINESS ECOSYSTEM		32.1	54.8	54.0
NATIONAL ENVIRONMENT		30.8	**17.9**	33.6
Reference level (a function of GDP per capita): 39.2				
Weaknesses are scores below: 19.6			**Strengths are scores above: 58.8**	

SME Competitiveness Grid

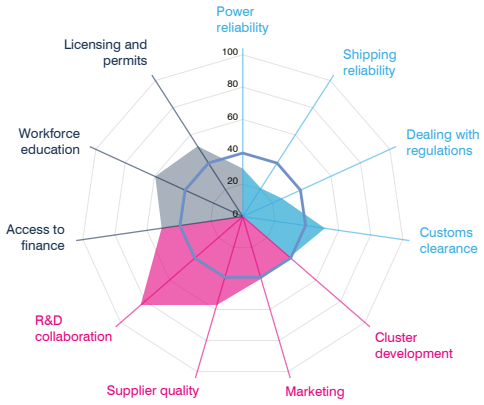
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	39.4	51.6	**78.9**	49.4
Bank account	20.0	30.1	34.7	24.5
Capacity utilization	21.1	33.3	**12.1**	24.0
Managerial experience	36.7	50.0	37.6	42.3
Connect				
E-mail	21.5	29.4	**69.9**	27.0
Firm website	30.6	47.2	**66.6**	40.5
Change				
Audited financial statement	43.6	48.1	39.8	45.1
Investment financed by banks	23.7	31.0	**10.6**	26.0
Formal training programme	31.7	55.3	**64.4**	45.0
Foreign technology licences	**58.8**	**67.0**	**76.7**	**64.5**



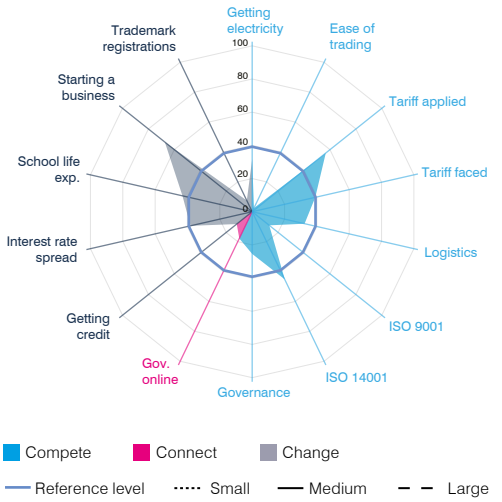
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	29.4	30.1	27.8	29.7
Domestic shipping reliability	**11.8**	39.6	31.8	20.7
Dealing with regulations	29.5	23.0	27.1	26.7
Customs clearance efficiency	-	-	33.6	51.3
Connect				
State of cluster development				38.5
Extent of marketing				40.2
Local supplier quality				57.1
University-industry collaboration in R&D				**83.7**
Change				
Access to finance	50.3	50.3	56.0	50.7
Access to educated workforce	**69.6**	55.3	33.8	**59.6**
Business licensing and permits	52.5	51.2	47.7	51.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	31.7
Ease of trading across borders	**2.5**
Applied tariff, trade-weighted average	56.8
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	39.0
Logistics performance index	32.4
ISO 9001 quality certificates	**13.2**
ISO 14001 environmental certificates	45.3
Governance index	25.4
Connect	
ICT access	-
ICT use	-
Government's online service	**17.9**
Change	
Ease of getting credit	**11.9**
Interest rate spread	38.2
School life expectancy	43.1
Ease of starting a business	**67.3**
Patent applications	-
Trademark registrations	**7.5**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Timor-Leste

Key indicators

Population (millions)	1.3
GDP ($ billions)	3.2
GDP per capita ($)	2485.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-1.2
Tariff preference margin (percentage points)	0.5
Imports and exports (goods and services), share of GDP (%)	53.1
Services exports, share of total exports (%)	48.6
Geographic region	Asia
Country group	LDC, SIDS
Income group	Lower-middle income

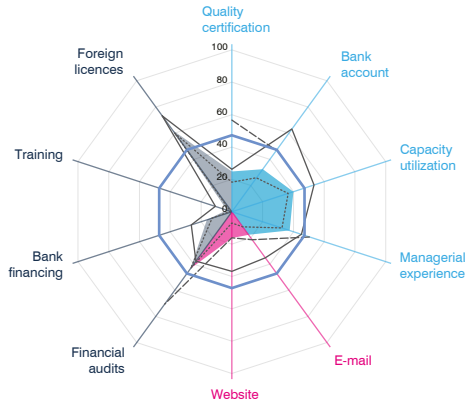
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	28.3	**9.3**	29.0
	Medium	47.0	36.1	37.0
	Large	51.3	**18.8**	70.6
	All	33.7	**17.0**	31.3
BUSINESS ECOSYSTEM		45.6	27.5	64.8
NATIONAL ENVIRONMENT		68.9	40.6	41.4
Reference level (a function of GDP per capita): 47.2				
Weaknesses are scores below: 23.6			**Strengths are scores above: 70.8**	

SME Competitiveness Grid

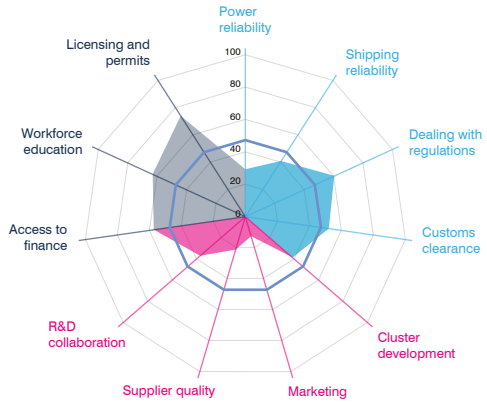
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**18.2**	26.1	56.6	24.9
Bank account	25.8	63.2	46.8	32.5
Capacity utilization	36.6	53.4	-	40.0
Managerial experience	32.7	45.2	50.4	37.6
Connect				
E-mail	**11.5**	35.2	**21.4**	**17.6**
Firm website	**7.0**	36.9	**16.2**	**16.3**
Change				
Audited financial statement	43.3	37.8	70.6	43.5
Investment financed by banks	**12.7**	26.4	-	**16.2**
Formal training programme	**0.0**	**10.7**	-	**3.2**
Foreign technology licences	60.1	**73.2**	-	62.1



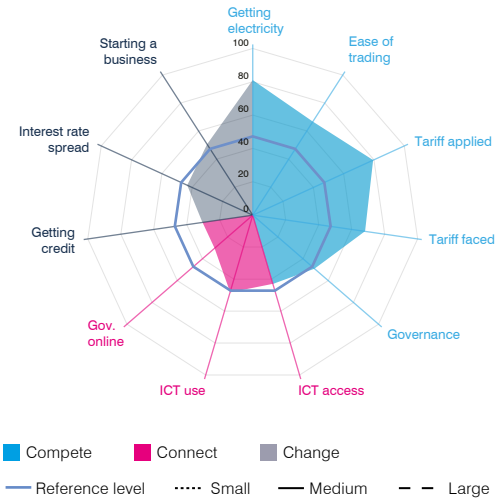
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	31.2	27.2	-	29.2
Domestic shipping reliability	46.5	37.4	-	40.8
Dealing with regulations	64.5	52.7	62.8	60.4
Customs clearance efficiency	57.2	-	-	52.1
Connect				
State of cluster development				38.8
Extent of marketing				**12.7**
Local supplier quality				**21.3**
University-industry collaboration in R&D				37.0
Change				
Access to finance	56.0	61.6	53.0	57.3
Access to educated workforce	62.5	61.7	**76.0**	63.0
Business licensing and permits	**79.1**	66.8	61.7	**74.0**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**81.0**
Ease of trading across borders	66.7
Applied tariff, trade-weighted average	**79.4**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	68.2
Logistics performance index	-
ISO 9001 quality certificates	-
ISO 14001 environmental certificates	-
Governance index	49.2
Connect	
ICT access	43.0
ICT use	48.3
Government's online service	30.3
Change	
Ease of getting credit	30.5
Interest rate spread	43.2
School life expectancy	-
Ease of starting a business	50.6
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Technical Annex.

Turkey

Key indicators

Population (millions)	81.9
GDP ($ billions)	713.5
GDP per capita ($)	8715.5
Share of world GDP (PPP$, %)	1.7
Current account surplus/deficit, share of GDP (%)	-5.7
Tariff preference margin (percentage points)	1.8
Imports and exports (goods and services), share of GDP (%)	53.9
Services exports, share of total exports (%)	21.9
Geographic region	Asia
Country group	OECD
Income group	Upper-middle income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	50.2	63.1	47.7
	Medium	62.8	76.5	57.7
	Large	60.4	87.5	76.5
	All	55.1	68.7	54.2
BUSINESS ECOSYSTEM		50.3	62.0	70.1
NATIONAL ENVIRONMENT		72.6	60.1	79.1

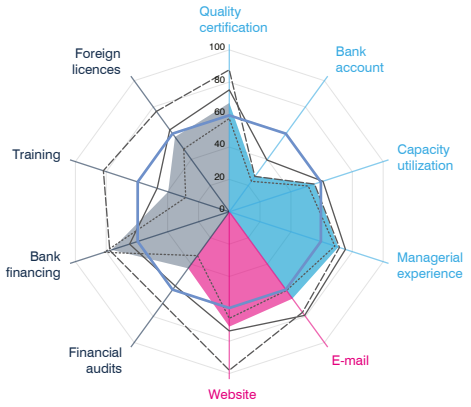
Reference level (a function of GDP per capita): 59.5

Weaknesses are scores below: 29.8 | **Strengths are scores above: 89.3**

SME Competitiveness Grid

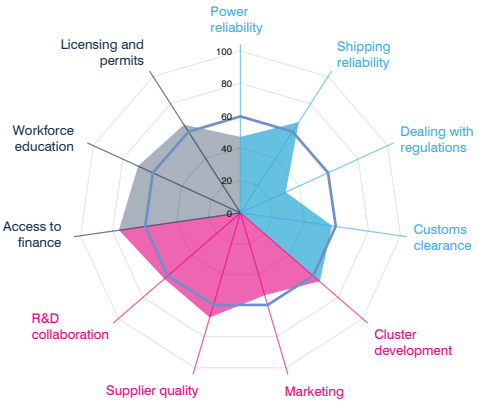
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	57.6	75.3	87.7	67.2
Bank account	**23.2**	39.6	**27.0**	**27.2**
Capacity utilization	51.3	60.9	55.4	55.2
Managerial experience	68.6	75.5	71.6	70.9
Connect				
E-mail	60.2	79.2	77.0	66.4
Firm website	65.9	73.7	**98.0**	71.1
Change				
Audited financial statement	33.5	56.7	69.9	43.3
Investment financed by banks	81.2	64.8	77.6	76.6
Formal training programme	**28.4**	46.8	81.8	39.7
Foreign technology licences	47.8	62.6	76.6	57.2



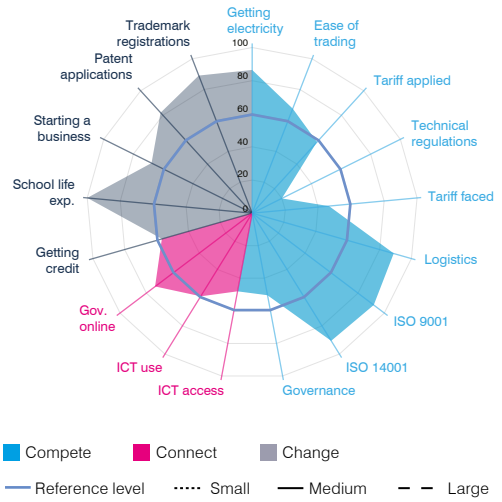
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	50.0	48.9	**26.7**	46.8
Domestic shipping reliability	71.3	62.8	59.5	66.6
Dealing with regulations	30.7	31.9	**24.8**	30.7
Customs clearance efficiency	58.7	52.3	62.4	57.2
Connect				
State of cluster development				64.9
Extent of marketing				53.2
Local supplier quality				67.6
University-industry collaboration in R&D				62.4
Change				
Access to finance	76.0	81.5	60.7	76.0
Access to educated workforce	72.8	68.7	51.8	69.6
Business licensing and permits	62.0	82.7	41.5	64.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	86.5
Ease of trading across borders	67.8
Applied tariff, trade-weighted average	58.1
Prevalence of technical regulations	**20.0**
Faced tariff, trade-weighted average	46.7
Logistics performance index	88.9
ISO 9001 quality certificates	**92.0**
ISO 14001 environmental certificates	**90.7**
Governance index	50.4
Connect	
ICT access	47.9
ICT use	59.0
Government's online service	73.5
Change	
Ease of getting credit	56.7
Interest rate spread	-
School life expectancy	**100.0**
Ease of starting a business	67.8
Patent applications	82.0
Trademark registrations	89.2



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Uganda

Key indicators

Population (millions)	38.8
GDP ($ billions)	27.9
GDP per capita ($)	717.5
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-6.9
Tariff preference margin (percentage points)	11.2
Imports and exports (goods and services), share of GDP (%)	45.5
Services exports, share of total exports (%)	35.7
Geographic region	Africa
Country group	LDC, LLDC
Income group	Low income

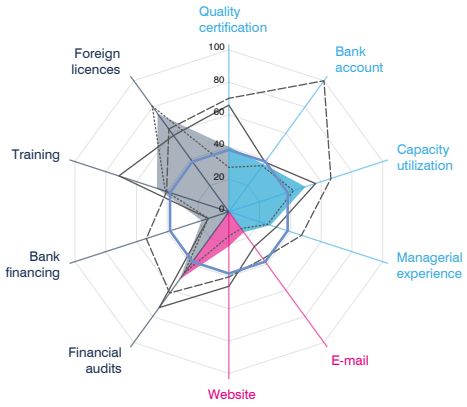
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	32.4	**14.0**	45.5
	Medium	47.7	36.4	54.0
	Large	**70.9**	38.2	54.8
	All	38.4	**18.5**	47.8
BUSINESS ECOSYSTEM		37.5	55.4	53.5
NATIONAL ENVIRONMENT		50.9	46.0	36.1
Reference level (a function of GDP per capita): 38.2				
Weaknesses are scores below: 19.1			**Strengths are scores above: 57.3**	

SME Competitiveness Grid

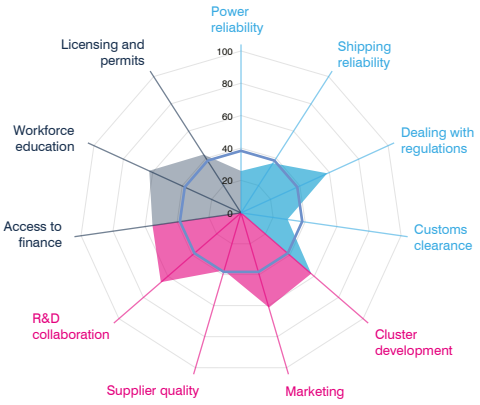
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	27.3	**65.8**	**70.2**	40.2
Bank account	35.0	37.9	**100.0**	36.4
Capacity utilization	42.0	56.4	**66.3**	49.9
Managerial experience	25.2	30.8	47.2	27.1
Connect				
E-mail	**12.9**	26.7	35.9	**15.7**
Firm website	**15.1**	46.2	40.4	21.4
Change				
Audited financial statement	46.9	**73.3**	**62.2**	51.7
Investment financed by banks	**13.3**	**13.3**	53.6	**17.7**
Formal training programme	41.4	**71.4**	40.4	46.8
Foreign technology licences	**80.6**	**58.2**	**63.1**	**74.9**



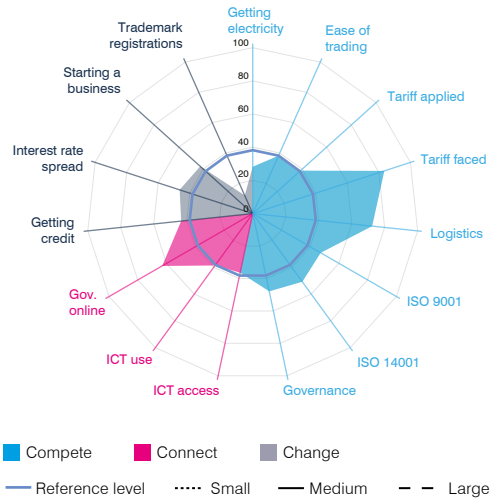
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	26.9	22.3	24.6	25.8
Domestic shipping reliability	40.8	52.0	**6.3**	36.3
Dealing with regulations	**60.1**	**57.5**	44.2	**58.6**
Customs clearance efficiency	31.4	31.8	26.3	29.1
Connect				
State of cluster development				**57.5**
Extent of marketing				**61.2**
Local supplier quality				37.3
University-industry collaboration in R&D				**65.7**
Change				
Access to finance	55.8	**62.9**	28.4	55.4
Access to educated workforce	**62.3**	**72.4**	40.3	**62.5**
Business licensing and permits	49.0	30.8	**10.3**	42.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	28.3
Ease of trading across borders	38.2
Applied tariff, trade-weighted average	38.6
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**83.5**
Logistics performance index	**72.5**
ISO 9001 quality certificates	47.4
ISO 14001 environmental certificates	50.9
Governance index	48.0
Connect	
ICT access	36.4
ICT use	38.6
Government's online service	**63.1**
Change	
Ease of getting credit	43.4
Interest rate spread	46.3
School life expectancy	-
Ease of starting a business	42.6
Patent applications	-
Trademark registrations	**11.9**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Ukraine

Key indicators

Population (millions)	42.6
GDP ($ billions)	126.4
GDP per capita ($)	2964.2
Share of world GDP (PPP$, %)	0.3
Current account surplus/deficit, share of GDP (%)	-3.1
Tariff preference margin (percentage points)	1.7
Imports and exports (goods and services), share of GDP (%)	107.3
Services exports, share of total exports (%)	24.5
Geographic region	Europe
Country group	
Income group	Lower-middle income

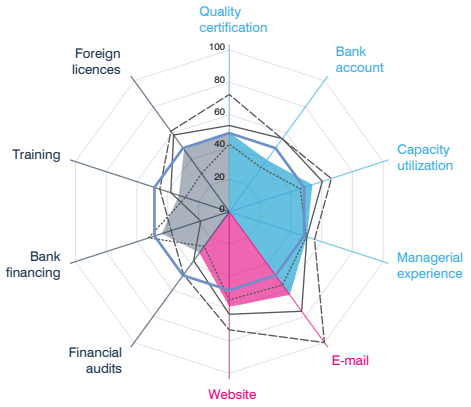
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	42.9	55.2	34.2
	Medium	55.0	69.8	38.1
	Large	62.4	**86.5**	48.1
	All	48.2	61.2	38.9
BUSINESS ECOSYSTEM		53.9	56.2	71.5
NATIONAL ENVIRONMENT		56.5	56.6	72.4
Reference level (a function of GDP per capita): 48.6				
Weaknesses are scores below: 24.3		**Strengths are scores above: 72.9**		

SME Competitiveness Grid

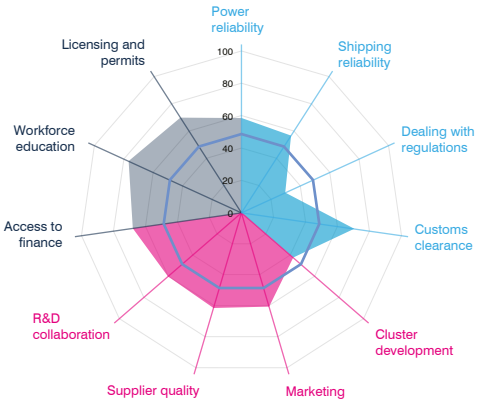
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	41.7	53.3	72.4	48.9
Bank account	33.6	55.9	55.5	39.6
Capacity utilization	46.1	60.5	66.3	54.0
Managerial experience	50.0	50.4	55.4	50.4
Connect				
E-mail	56.0	**76.2**	**100.0**	63.6
Firm website	54.5	63.4	**73.0**	58.7
Change				
Audited financial statement	26.5	37.3	48.1	31.4
Investment financed by banks	52.5	**18.6**	37.8	43.9
Formal training programme	28.5	38.0	45.1	32.8
Foreign technology licences	29.2	58.6	61.5	47.6



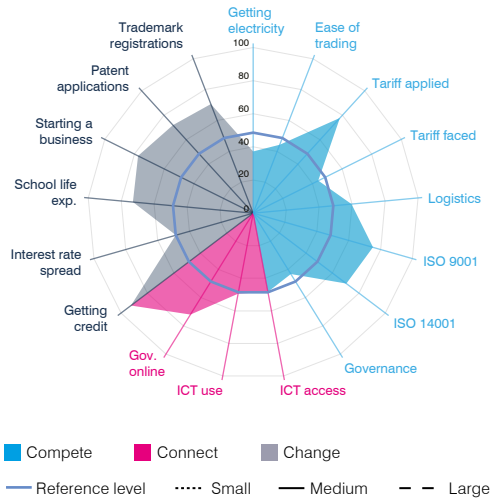
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	59.5	56.1	54.5	58.6
Domestic shipping reliability	62.8	50.0	56.7	56.7
Dealing with regulations	34.0	**22.3**	35.1	29.8
Customs clearance efficiency	62.1	**78.4**	70.8	70.5
Connect				
State of cluster development				42.4
Extent of marketing				60.6
Local supplier quality				61.5
University-industry collaboration in R&D				60.3
Change				
Access to finance	72.1	62.7	60.4	68.0
Access to educated workforce	**81.6**	69.1	71.0	**76.8**
Business licensing and permits	68.3	72.7	71.9	69.8



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	37.3
Ease of trading across borders	44.4
Applied tariff, trade-weighted average	**77.8**
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	43.9
Logistics performance index	59.6
ISO 9001 quality certificates	**75.2**
ISO 14001 environmental certificates	70.6
Governance index	43.2
Connect	
ICT access	48.3
ICT use	49.5
Government's online service	72.0
Change	
Ease of getting credit	**92.4**
Interest rate spread	48.5
School life expectancy	72.8
Ease of starting a business	**77.7**
Patent applications	72.0
Trademark registrations	70.7



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

United Republic of Tanzania

Key indicators

Population (millions)	51.0
GDP ($ billions)	55.6
GDP per capita ($)	1090.1
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-4.3
Tariff preference margin (percentage points)	7.8
Imports and exports (goods and services), share of GDP (%)	38.5
Services exports, share of total exports (%)	48.0
Geographic region	Africa
Country group	LDC
Income group	Low income

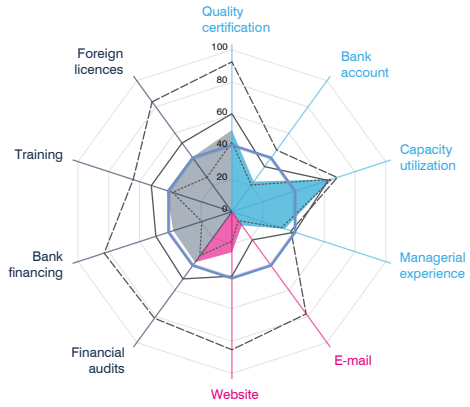
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	40.1	**12.6**	29.5
	Medium	49.6	30.7	51.3
	Large	61.7	**81.7**	**78.1**
	All	43.2	**17.8**	40.2
BUSINESS ECOSYSTEM		35.2	54.1	22.2
NATIONAL ENVIRONMENT		59.0	43.2	40.3
Reference level (a function of GDP per capita): 41.1				
Weaknesses are scores below: 20.6			**Strengths are scores above: 61.7**	

SME Competitiveness Grid

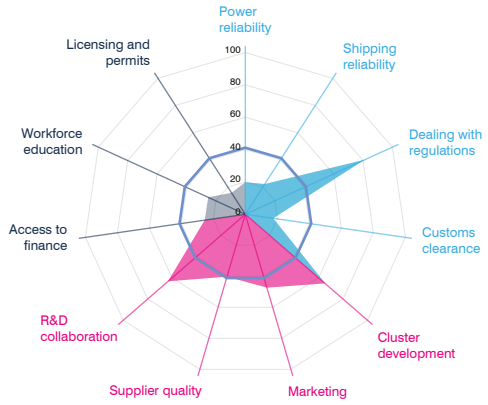
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	43.1	60.5	**92.6**	50.4
Bank account	**20.3**	34.3	47.1	23.1
Capacity utilization	**64.8**	**62.5**	**68.5**	**64.6**
Managerial experience	32.2	41.0	38.4	34.5
Connect				
E-mail	**6.8**	21.5	**78.1**	**10.5**
Firm website	**18.3**	39.9	**85.3**	25.1
Change				
Audited financial statement	33.7	51.3	**81.3**	38.7
Investment financed by banks	**19.5**	49.4	**83.0**	38.1
Formal training programme	38.6	52.3	**64.1**	42.4
Foreign technology licences	26.2	52.4	**83.9**	41.7



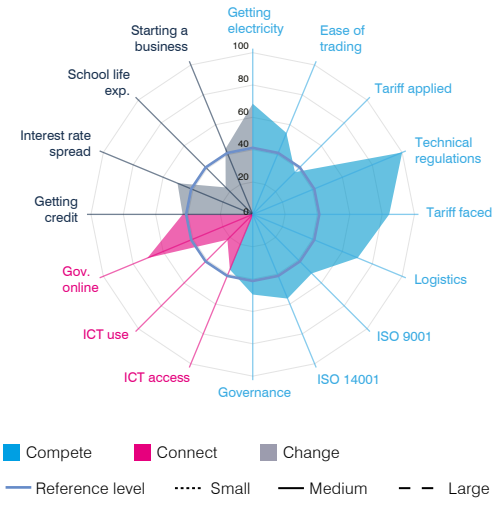
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	**19.4**	**19.2**	31.7	**19.8**
Domestic shipping reliability	**19.8**	39.6	31.0	22.2
Dealing with regulations	**82.8**	**77.2**	**71.3**	**81.3**
Customs clearance efficiency	-	**13.7**	**13.2**	**17.4**
Connect				
State of cluster development				**65.4**
Extent of marketing				47.3
Local supplier quality				40.2
University-industry collaboration in R&D				**63.4**
Change				
Access to finance	26.0	22.5	31.9	25.4
Access to educated workforce	27.3	**19.3**	**18.5**	25.3
Business licensing and permits	**17.7**	**7.7**	34.2	**15.8**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**68.4**
Ease of trading across borders	54.5
Applied tariff, trade-weighted average	37.0
Prevalence of technical regulations	**100.0**
Faced tariff, trade-weighted average	**84.4**
Logistics performance index	**70.2**
ISO 9001 quality certificates	51.6
ISO 14001 environmental certificates	56.3
Governance index	49.5
Connect	
ICT access	36.9
ICT use	22.2
Government's online service	**70.6**
Change	
Ease of getting credit	43.4
Interest rate spread	50.4
School life expectancy	23.6
Ease of starting a business	44.0
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Uruguay

Key indicators

Population (millions)	3.5
GDP ($ billions)	60.9
GDP per capita ($)	17379.7
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	0.9
Tariff preference margin (percentage points)	4.1
Imports and exports (goods and services), share of GDP (%)	41.7
Services exports, share of total exports (%)	37.6
Geographic region	Americas
Country group	
Income group	High income

SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	46.9 ↓	75.9 ↑	49.5 ↑
	Medium	63.8 ↑	84.5 ↑	61.0 ↑
	Large	75.7 ↑	**97.8** ↑	73.6 ↑
	All	54.5 ↑	80.0 ↑	56.4 ↑
BUSINESS ECOSYSTEM		54.4 ↓	53.8 ↑	45.0 ↓
NATIONAL ENVIRONMENT		67.2 ↑	68.7 ↓	61.2 ↑

Reference level (a function of GDP per capita): 63.1

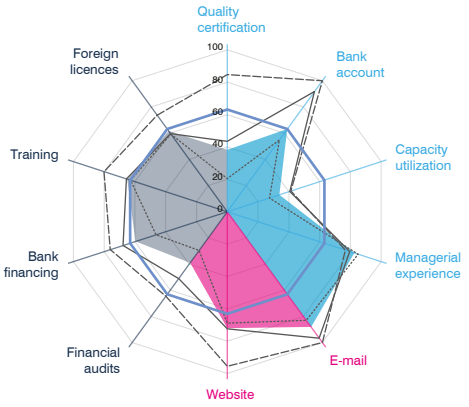
Weaknesses are scores below: 31.6 | **Strengths are scores above: 94.7**

↑ Scores that increased → Scores that remain the same ↓ Scores that decreased

SME Competitiveness Grid

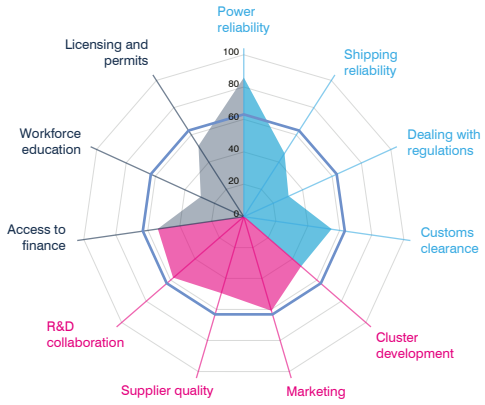
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**20.5** ↓	43.4 ↑	84.7 ↑	38.3 ↓
Bank account	54.8 ↑	91.8 ↑	**100.0** →	63.2 ↑
Capacity utilization	**27.5** ↓	40.5 ↓	41.3 ↓	33.8 ↓
Managerial experience	85.0 ↑	79.6 ↑	76.8 ↑	82.6 ↑
Connect				
E-mail	82.9 ↑	**96.7** ↑	**100.0** ↑	88.1 ↑
Firm website	68.9 ↑	72.4 ↓	**95.5** ↑	72.0 ↑
Change				
Audited financial statement	**29.6** ↓	51.1 ↑	64.6 ↓	39.1 ↓
Investment financed by banks	46.2 ↑	67.8 ↑	76.1 ↑	59.6 ↑
Formal training programme	62.8 ↑	65.6 ↑	80.1 ↓	65.0 ↑
Foreign technology licences	59.3 ↑	59.5 ↑	73.6 ↑	61.7 ↑



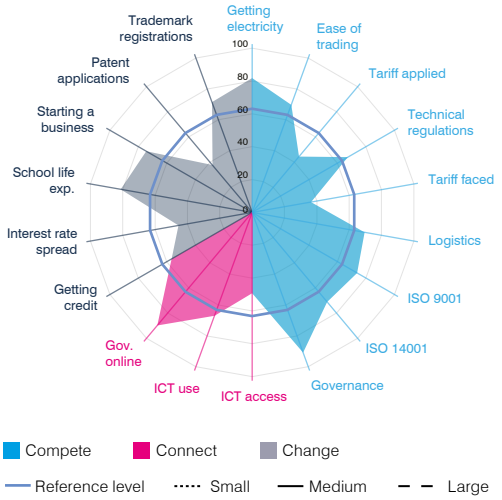
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	85.9 ↑	82.8 ↓	85.9 →	85.9 →
Domestic shipping reliability	44.9 ↓	48.2 ↓	52.0 ↓	46.5 ↓
Dealing with regulations	**30.8** ↓	**29.0** ↓	35.1 ↓	**30.4** ↓
Customs clearance efficiency	- -	73.8 ↑	63.2 ↑	54.9 ↑
Connect				
State of cluster development				47.0 ↑
Extent of marketing				60.8 ↑
Local supplier quality				49.4 ↓
University-industry collaboration in R&D				57.9 ↑
Change				
Access to finance	48.0 ↓	68.0 ↑	49.3 ↓	53.8 ↓
Access to educated workforce	**23.1** ↓	45.6 ↑	**21.2** ↓	**29.2** ↓
Business licensing and permits	56.0 ↓	53.3 ↓	**24.1** ↓	52.0 ↓



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	81.8 ↑
Ease of trading across borders	69.6 ↑
Applied tariff, trade-weighted average	44.4 ↓
Prevalence of technical regulations	67.3 -
Faced tariff, trade-weighted average	36.4 ↓
Logistics performance index	69.5 ↑
ISO 9001 quality certificates	73.8 ↑
ISO 14001 environmental certificates	71.1 ↑
Governance index	90.9 ↑
Connect	
ICT access	49.2 ↓
ICT use	67.0 ↓
Government's online service	89.9 ↑
Change	
Ease of getting credit	56.7 →
Interest rate spread	45.6 ↓
School life expectancy	81.3 ↑
Ease of starting a business	74.6 ↑
Patent applications	37.6 ↓
Trademark registrations	71.6 ↓



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts. Arrows represent score changes between two time periods: 2007-2012 and 2013-2018.
Source: World Bank Enterprise Survey (2010 and 2017) for firm level data; for other sources and methodology see Technical Annex.

Venezuela

Key indicators

Population (millions)	29.2
GDP ($ billions)	96.3
GDP per capita ($)	3300.4
Share of world GDP (PPP$, %)	0.2
Current account surplus/deficit, share of GDP (%)	6.1
Tariff preference margin (percentage points)	0.1
Imports and exports (goods and services), share of GDP (%)	23.6
Services exports, share of total exports (%)	4.2
Geographic region	Americas
Country group	
Income group	Upper-middle income

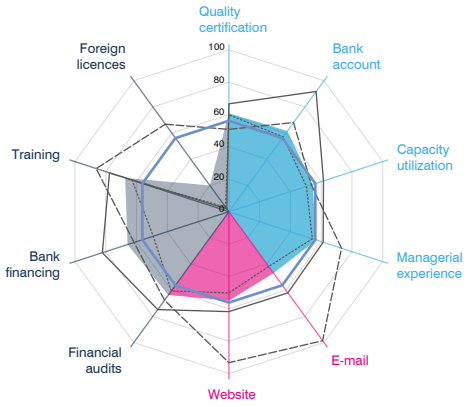
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	55.4	46.0	44.0
	Medium	70.3	61.9	59.2
	Large	61.5	**95.9**	70.5
	All	58.4	51.0	54.2
BUSINESS ECOSYSTEM		30.2	35.2	49.5
NATIONAL ENVIRONMENT		33.2	52.1	34.5
Reference level (a function of GDP per capita): 56.2				
Weaknesses are scores below: 28.1			**Strengths are scores above: 84.3**	

SME Competitiveness Grid

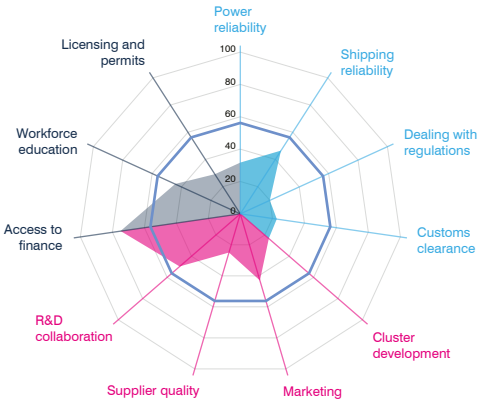
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	59.9	66.7	50.9	60.8
Bank account	57.1	**91.8**	68.1	61.6
Capacity utilization	50.5	61.5	53.6	54.4
Managerial experience	54.3	61.3	73.2	56.9
Connect				
E-mail	41.8	62.0	**98.5**	46.9
Firm website	50.2	61.8	**93.3**	55.0
Change				
Audited financial statement	60.5	74.8	67.7	63.7
Investment financed by banks	49.1	82.2	61.5	65.8
Formal training programme	62.8	77.6	**86.2**	67.4
Foreign technology licences	**3.5**	**2.1**	66.8	**20.1**



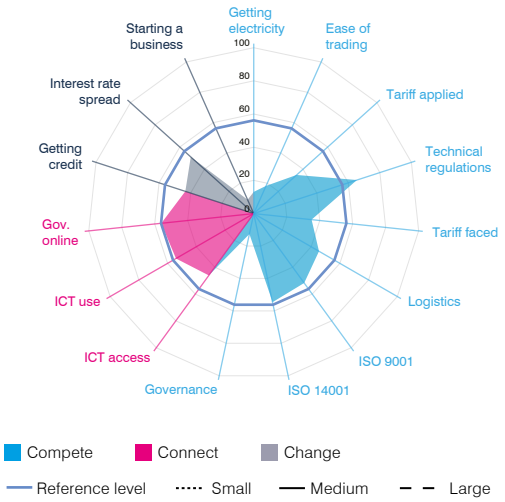
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	33.2	**26.7**	36.5	31.7
Domestic shipping reliability	48.2	39.6	62.8	46.5
Dealing with regulations	**22.7**	**13.7**	**11.3**	**20.0**
Customs clearance efficiency	-	-	**19.1**	**22.8**
Connect				
State of cluster development				**23.3**
Extent of marketing				43.0
Local supplier quality				**24.9**
University-industry collaboration in R&D				49.7
Change				
Access to finance	71.9	83.3	**90.6**	74.9
Access to educated workforce	51.9	33.5	**7.5**	44.3
Business licensing and permits	29.2	28.9	30.8	29.2



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**13.1**
Ease of trading across borders	**18.3**
Applied tariff, trade-weighted average	34.8
Prevalence of technical regulations	65.4
Faced tariff, trade-weighted average	35.1
Logistics performance index	45.5
ISO 9001 quality certificates	51.7
ISO 14001 environmental certificates	54.6
Governance index	**12.7**
Connect	
ICT access	46.1
ICT use	54.1
Government's online service	56.1
Change	
Ease of getting credit	43.4
Interest rate spread	51.1
School life expectancy	-
Ease of starting a business	**9.1**
Patent applications	-
Trademark registrations	-



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2010) for firm level data; for other sources and methodology see Technical Annex.

Viet Nam

Key indicators

Population (millions)	94.6
GDP ($ billions)	241.4
GDP per capita ($)	2552.8
Share of world GDP (PPP$, %)	0.5
Current account surplus/deficit, share of GDP (%)	2.2
Tariff preference margin (percentage points)	3.0
Imports and exports (goods and services), share of GDP (%)	241.7
Services exports, share of total exports (%)	4.7
Geographic region	Asia
Country group	
Income group	Lower-middle income

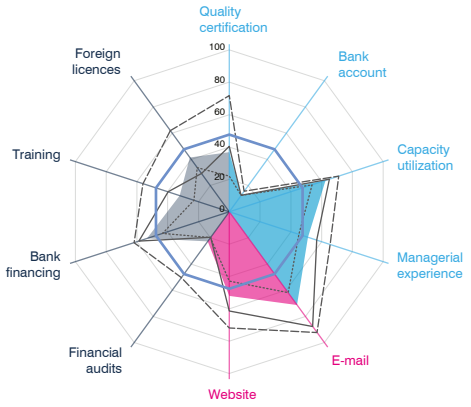
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	33.3	52.4	30.0
	Medium	43.7	**74.5**	36.8
	Large	56.0	**82.1**	57.6
	All	40.8	61.7	37.5
BUSINESS ECOSYSTEM		63.0	53.9	**76.8**
NATIONAL ENVIRONMENT		68.8	56.1	55.6
Reference level (a function of GDP per capita): 47.6				
Weaknesses are scores below: 23.8		**Strengths are scores above: 71.5**		

SME Competitiveness Grid

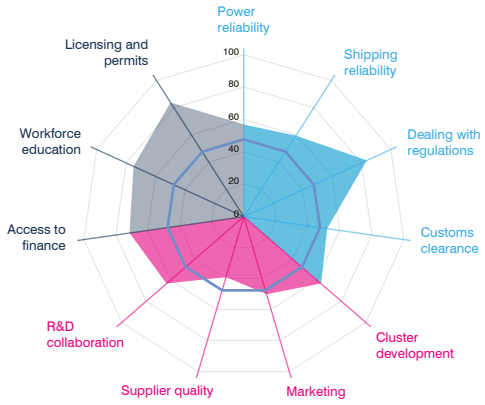
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	**21.9**	40.4	**71.7**	36.8
Bank account	**12.5**	**12.5**	**15.6**	**12.8**
Capacity utilization	53.8	65.1	71.1	62.5
Managerial experience	45.2	56.9	65.5	51.2
Connect				
E-mail	61.8	**87.7**	**92.3**	71.3
Firm website	43.0	61.4	**71.8**	52.1
Change				
Audited financial statement	**19.8**	**19.6**	50.4	**22.7**
Investment financed by banks	43.4	58.7	61.9	53.4
Formal training programme	**22.9**	39.6	56.0	32.3
Foreign technology licences	33.7	29.2	62.0	41.4



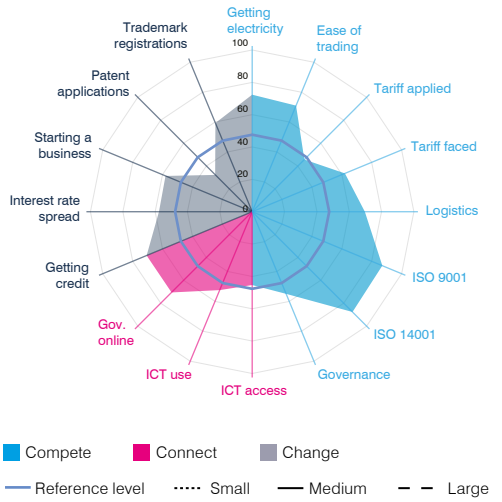
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	54.5	61.4	62.4	56.9
Domestic shipping reliability	56.7	59.5	71.3	59.5
Dealing with regulations	**88.8**	**75.9**	**83.6**	**83.6**
Customs clearance efficiency	41.4	58.2	48.2	52.1
Connect				
State of cluster development				63.2
Extent of marketing				50.1
Local supplier quality				39.0
University-industry collaboration in R&D				63.3
Change				
Access to finance	**74.7**	65.3	**76.3**	71.5
Access to educated workforce	**81.9**	64.0	**80.8**	**75.0**
Business licensing and permits	**81.6**	**86.7**	**84.9**	**83.8**



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	**72.4**
Ease of trading across borders	71.0
Applied tariff, trade-weighted average	45.7
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	62.0
Logistics performance index	69.6
ISO 9001 quality certificates	**87.1**
ISO 14001 environmental certificates	**87.7**
Governance index	54.9
Connect	
ICT access	45.3
ICT use	52.5
Government's online service	70.6
Change	
Ease of getting credit	70.6
Interest rate spread	57.7
School life expectancy	-
Ease of starting a business	58.0
Patent applications	32.3
Trademark registrations	59.5



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2015) for firm level data; for other sources and methodology see Technical Annex.

Yemen

Key indicators

Population (millions)	30.8
GDP ($ billions)	28.5
GDP per capita ($)	925.6
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-9.3
Tariff preference margin (percentage points)	0.7
Imports and exports (goods and services), share of GDP (%)	80.6
Services exports, share of total exports (%)	58.8
Geographic region	Asia
Country group	LDC
Income group	Low income

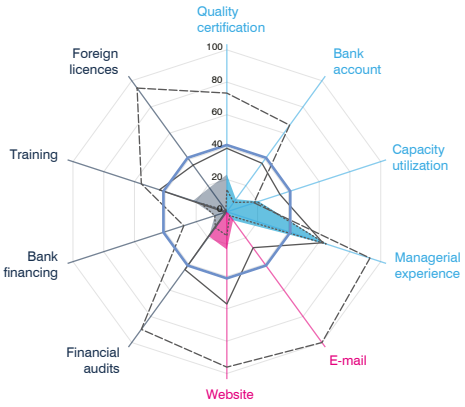
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	26.2	8.9	9.4
	Medium	43.2	42.3	30.9
	Large	62.5	98.0	66.7
	All	29.7	15.0	16.7
BUSINESS ECOSYSTEM		43.3	28.7	30.1
NATIONAL ENVIRONMENT		30.8	20.8	26.0
Reference level (a function of GDP per capita): 41.2				
Weaknesses are scores below: 20.6			Strengths are scores above: 61.8	

SME Competitiveness Grid

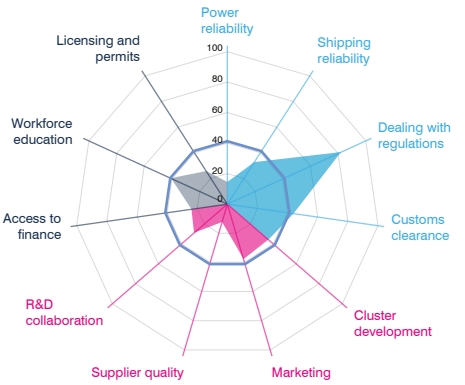
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	13.6	39.2	73.3	22.9
Bank account	7.1	37.0	66.1	9.7
Capacity utilization	19.8	34.5	17.7	20.7
Managerial experience	64.5	62.4	93.0	65.5
Connect				
E-mail	3.0	27.6	100.0	6.6
Firm website	14.8	57.1	96.1	23.4
Change				
Audited financial statement	12.2	44.2	89.8	18.8
Investment financed by banks	7.8	0.0	27.9	7.8
Formal training programme	16.9	43.8	55.5	22.0
Foreign technology licences	0.7	35.6	93.8	18.4



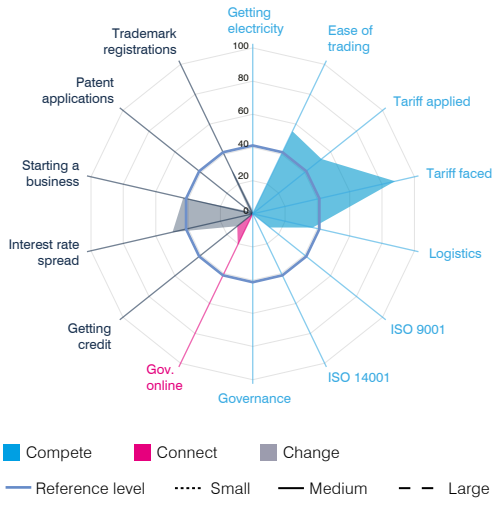
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	13.3	22.6	30.8	14.5
Domestic shipping reliability	34.4	17.6	35.4	32.7
Dealing with regulations	83.6	69.2	78.5	82.1
Customs clearance efficiency	-	-	46.4	44.1
Connect				
State of cluster development				35.8
Extent of marketing				37.7
Local supplier quality				12.4
University-industry collaboration in R&D				28.9
Change				
Access to finance	21.0	39.8	55.7	23.9
Access to educated workforce	43.6	42.1	1.0	40.8
Business licensing and permits	24.9	32.3	27.6	25.7



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	0.0
Ease of trading across borders	55.2
Applied tariff, trade-weighted average	53.0
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	88.0
Logistics performance index	37.2
ISO 9001 quality certificates	13.2
ISO 14001 environmental certificates	0.0
Governance index	0.0
Connect	
ICT access	-
ICT use	-
Government's online service	20.8
Change	
Ease of getting credit	11.9
Interest rate spread	49.6
School life expectancy	-
Ease of starting a business	43.0
Patent applications	0.0
Trademark registrations	25.5



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Zambia

Key indicators

Population (millions)	17.8
GDP ($ billions)	25.8
GDP per capita ($)	1450.4
Share of world GDP (PPP$, %)	0.1
Current account surplus/deficit, share of GDP (%)	-4.0
Tariff preference margin (percentage points)	3.9
Imports and exports (goods and services), share of GDP (%)	74.8
Services exports, share of total exports (%)	9.6
Geographic region	Africa
Country group	LDC, LLDC
Income group	Lower-middle income

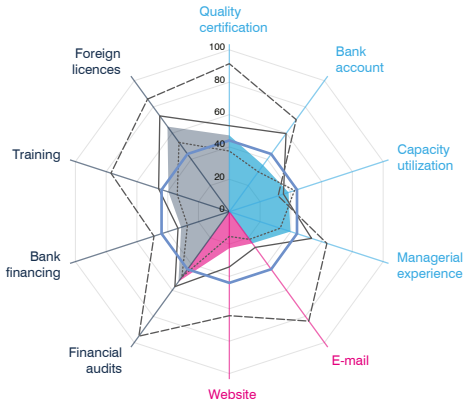
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	35.8	**18.2**	40.7
	Medium	50.4	30.7	52.0
	Large	64.1	**73.9**	**76.3**
	All	40.3	23.4	47.3
BUSINESS ECOSYSTEM		41.3	50.5	55.5
NATIONAL ENVIRONMENT		47.6	42.3	44.3
Reference level (a function of GDP per capita): 44.0				
Weaknesses are scores below: 22.0		**Strengths are scores above: 66.0**		

SME Competitiveness Grid

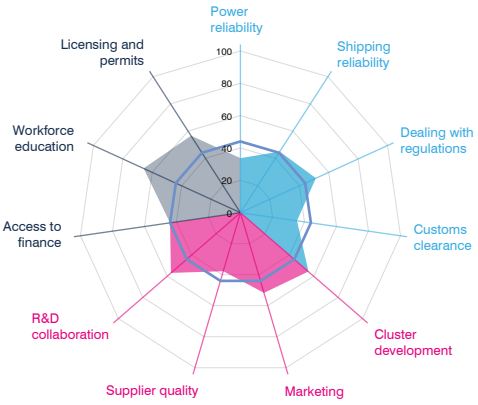
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	37.5	53.1	**90.9**	47.2
Bank account	30.4	59.7	**70.3**	35.6
Capacity utilization	42.4	35.2	31.7	38.6
Managerial experience	33.1	53.5	63.4	39.7
Connect				
E-mail	**21.1**	27.3	**83.6**	24.2
Firm website	**15.3**	34.2	64.3	22.6
Change				
Audited financial statement	49.1	56.6	**94.6**	53.4
Investment financed by banks	27.1	33.3	48.9	31.3
Formal training programme	33.8	45.9	**76.4**	39.5
Foreign technology licences	52.9	**72.4**	**85.3**	65.0



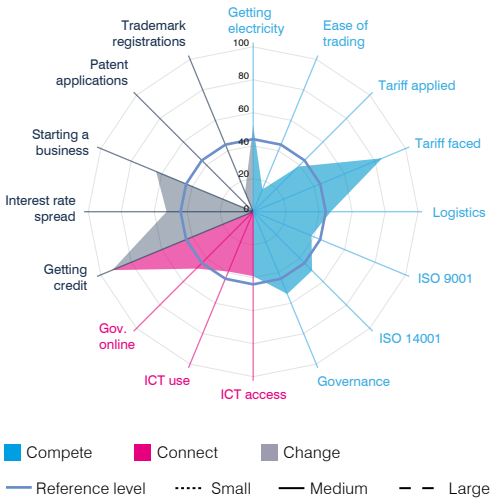
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	36.5	25.1	37.4	33.7
Domestic shipping reliability	48.2	38.5	56.7	44.9
Dealing with regulations	51.8	51.0	46.3	51.3
Customs clearance efficiency	-	41.5	27.4	35.3
Connect				
State of cluster development				55.6
Extent of marketing				51.7
Local supplier quality				37.8
University-industry collaboration in R&D				56.9
Change				
Access to finance	41.2	48.4	**67.6**	44.0
Access to educated workforce	**66.5**	**67.8**	50.5	65.9
Business licensing and permits	56.5	55.1	63.0	56.5



NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	52.5
Ease of trading across borders	**14.7**
Applied tariff, trade-weighted average	38.7
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	**84.7**
Logistics performance index	47.0
ISO 9001 quality certificates	38.3
ISO 14001 environmental certificates	50.6
Governance index	54.0
Connect	
ICT access	39.1
ICT use	39.2
Government's online service	48.8
Change	
Ease of getting credit	**92.4**
Interest rate spread	52.5
School life expectancy	-
Ease of starting a business	63.7
Patent applications	**0.0**
Trademark registrations	**12.8**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2013) for firm level data; for other sources and methodology see Technical Annex.

Zimbabwe

Key indicators

Population (millions)	15.3
GDP ($ billions)	19.4
GDP per capita ($)	1268.9
Share of world GDP (PPP$, %)	0.0
Current account surplus/deficit, share of GDP (%)	-5.8
Tariff preference margin (percentage points)	6.3
Imports and exports (goods and services), share of GDP (%)	66.1
Services exports, share of total exports (%)	12.3
Geographic region	Africa
Country group	LLDC
Income group	Low income

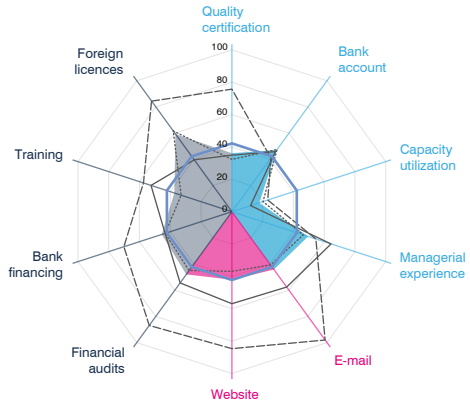
SME Competitiveness Grid Summary

Average scores [0-100]		Compete	Connect	Change
FIRM CAPABILITIES	Small	36.6	38.8	45.7
	Medium	39.4	57.2	47.2
	Large	48.5	**91.1**	**74.6**
	All	37.7	43.2	47.5
BUSINESS ECOSYSTEM		51.5	34.0	44.8
NATIONAL ENVIRONMENT		37.2	39.4	24.9
Reference level (a function of GDP per capita): 42.2				
Weaknesses are scores below: 21.1			**Strengths are scores above: 63.3**	

SME Competitiveness Grid

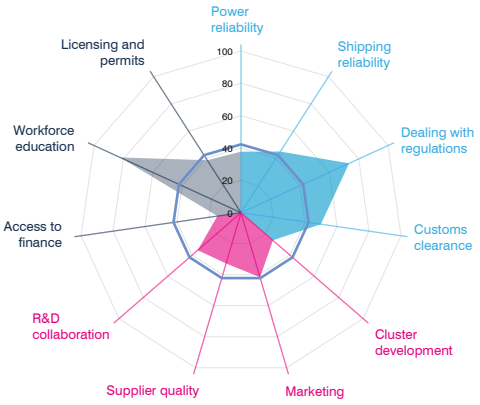
FIRM CAPABILITIES (Normalized scores)

Compete	Small	Medium	Large	All
International quality certificate	32.3	35.0	**75.2**	36.1
Bank account	47.6	45.9	41.0	47.1
Capacity utilization	**20.3**	**12.1**	23.3	**17.9**
Managerial experience	46.4	**64.5**	54.6	49.6
Connect				
E-mail	40.7	57.6	**98.1**	44.2
Firm website	36.9	56.9	**84.2**	42.1
Change				
Audited financial statement	44.9	54.0	**86.4**	48.0
Investment financed by banks	43.4	42.9	**70.2**	45.5
Formal training programme	32.9	52.5	57.4	37.4
Foreign technology licences	61.6	39.6	**84.4**	59.3



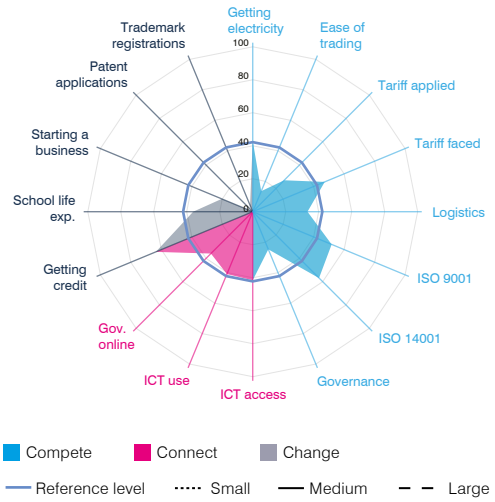
BUSINESS ECOSYSTEM (Normalized scores)

Compete	Small	Medium	Large	All
Power reliability	39.4	31.0	51.8	37.7
Domestic shipping reliability	38.5	54.2	56.7	44.9
Dealing with regulations	**75.3**	**67.2**	**65.4**	**73.5**
Customs clearance efficiency	53.1	45.2	52.5	49.9
Connect				
State of cluster development				26.1
Extent of marketing				41.7
Local supplier quality				32.8
University-industry collaboration in R&D				35.5
Change				
Access to finance	**15.4**	**8.5**	31.7	**14.8**
Access to educated workforce	**80.5**	**81.9**	**87.5**	**81.0**
Business licensing and permits	43.1	21.8	33.2	38.5



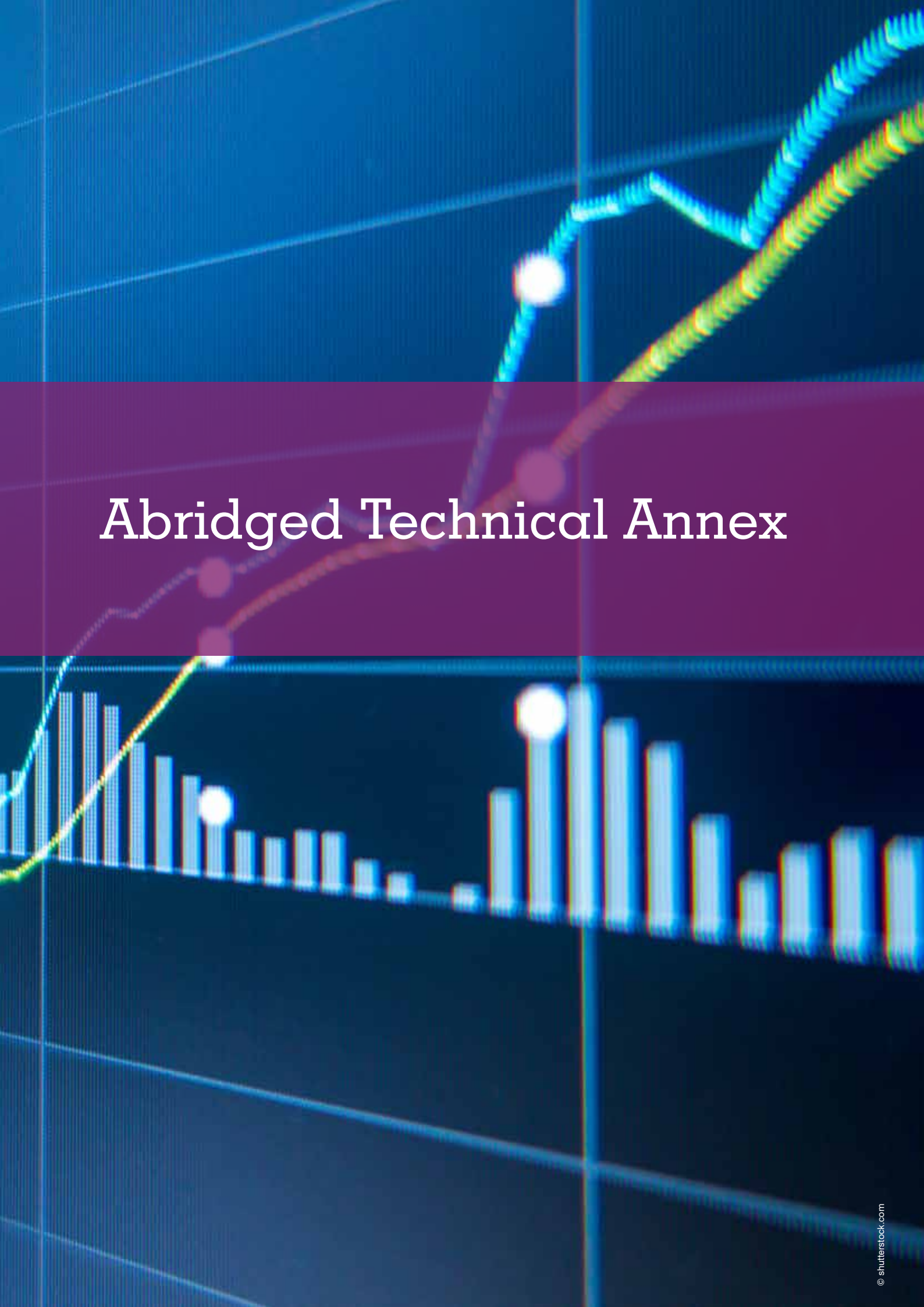
NATIONAL ENVIRONMENT (Normalized scores)

Compete	All
Getting electricity	43.0
Ease of trading across borders	**13.5**
Applied tariff, trade-weighted average	26.9
Prevalence of technical regulations	-
Faced tariff, trade-weighted average	47.2
Logistics performance index	33.2
ISO 9001 quality certificates	51.8
ISO 14001 environmental certificates	56.9
Governance index	24.7
Connect	
ICT access	41.5
ICT use	40.9
Government's online service	35.8
Change	
Ease of getting credit	**63.6**
Interest rate spread	-
School life expectancy	36.1
Ease of starting a business	**20.3**
Patent applications	**0.0**
Trademark registrations	**4.3**



Note: Scores range from 0 to 100, a higher score indicates a better outcome. Series with missing data are indicated as (-) in the tables and omitted from the radar charts.
Source: World Bank Enterprise Survey (2016) for firm level data; for other sources and methodology see Technical Annex.

Abridged Technical Annex



Abridged Technical Annex

This chapter summarizes the methodology underlying the country profiles and the model used to determine the SME-SDG investment gap. A more detailed description can be found online.[345] The first part of this chapter provides background on the country profiles and the second describes the investment gap model.

There are 85 country profiles. All countries for which the necessary data is available are included.

The country profiles are not directly comparable to the ones published in previous years. This is because in each year the values of all indicators are transformed and normalized with reference to the sample used that year. In addition, the reference level of competitiveness that determines the strengths and weaknesses of each country is defined as a function of GDP per capita, which means that the reference level also changes with the sample considered each year.

To overcome this limitation and be able to assess whether competitiveness is improving or deteriorating, the country profiles published this year include a new feature – an arrow accompanies each indicator to signal whether it has increased, decreased or remained the same between 2007 and 2017. These years were chosen to maximize coverage, taking into account data availability for all indicators, particularly firm-level information. As many of the indicators used to compute competitiveness are not updated yearly, the closest year available after 2007 and before 2017 is used whenever 2007 and 2017 are not available.

Definitions

Competitiveness

This report follows the definition of competitiveness elaborated in detail in the first edition of the *SME Competitiveness Outlook*:[346]

Competitiveness is the demonstrated ability to design, produce and commercialize an offer, which fully, uniquely and continuously fulfils the needs of targeted market segments, while connecting with and drawing resources from the business ecosystem, and achieving a sustainable return on the resources employed.

Small and medium-sized enterprises

The definition of the size of a firm is based on the number of full-time employees:

- Micro: 1 to 4 employees
- Small: 5 to 19 employees
- Medium: 20 to 99 employees
- Large: 100 or more employees.

Note that the SME Competitiveness Grid indicators and development indicators on the SME export potential page are largely based on the World Bank Enterprise Surveys administered to legally registered small, medium and large firms in manufacturing and services sectors.[347] Hence, micro firms, informal entities and agricultural enterprises are not included in the country profiles due to lack of suitable data.

Technical notes

Key indicators

Key indicators are derived from ITC's Market Analysis Tools and databases of other international institutions (listed below). They are expressed in the units indicated alongside the indicator's name. They have not been transformed or undergone any normalization calculations.

SME competitiveness

Grid summary

The competitiveness grid summary provides summary statistics for all 39 indicators of the SME competitiveness grid. Of these 39 indicators, 17 refer to business establishments and are available by firm size. Indicator averages (listed vertically in the table) are calculated for each competitiveness level:

(1) Firm capabilities

(2) Business ecosystem

(3) National environment.

Furthermore, indicators are averaged by pillar of competitiveness, creating a matrix containing competitiveness levels and pillars:

(1) Capacity to compete (highlighted in blue)

(2) Capacity to connect (highlighted in pink)

(3) Capacity to change (highlighted in grey).

Reference level, strengths and weaknesses

The threshold values that define strengths and weaknesses in competitiveness are based on a country-specific reference level. To determine the reference level for each country, the SME competitiveness indicators are averaged by country and regressed on the natural logarithm of country GDP per capita including all 90 countries, three classes of firm size and two periods in the sample considered. As the dependent variable – the country average of SME competitiveness indicators – is a fractional response variable, this regression uses the methodology proposed by Papke and Wooldridge, which produces predictions bound to the 0-100 interval.[348] The reference level is set to the predicted (fitted) value for log of GDP per capita.

An indicator is considered a strength (shown in bold green text) when it takes a value of 100 or surpasses a threshold value of 150% of the country's reference level. Conversely, an indicator signals weakness (shown in bold red text) when it falls below a threshold value of 50% of the reference level. This way, strengths and weaknesses allow for an easy comparison of individual indicators for a given country to the average value of all indicators in the sample, taking into account the country's GDP per capita.

Indicators and radar diagrams

The SME competitiveness grid presents transformed and normalized scores for competitiveness indicators. The indicators are split into three levels of competitiveness, each in turn split into three pillars. Whenever possible, the grid includes indicators by firm size.

To allow for cross-indicator and cross-country comparisons, indicators are normalized on a 0-100 scale, with a score of 100 representing the best possible outcome. For positive indicators, those in which higher values represent better outcomes, a raw data series X is transformed according to:

$$Y_{(+)} = 100 \frac{X - \min(X)}{\max(X) - \min(X)}$$

For negative indicators, those on an inverse scale, in which higher values represent worse outcomes, a raw data series X is transformed according to:

$$Y_{(-)} = 100 \frac{\max(X) - X}{\max(X) - \min(X)}$$

Equivalently, the normalized series for negative indicators may be constructed from:

$$Y_{(-)} = 100 - Y_{(+)}$$

A non-linear transformation (developed by ITC) is then applied over the same [1-100] range to compensate for highly skewed distributions, aimed at bringing the sample median to 50. For an input data series Y, the transformed score Z is defined as:

$$Z = 100 \frac{\ln(1 + aY)}{\ln(1 + 100a)}$$

where

$$a = \frac{100 - 2\,\text{median}(Y)}{\text{median}(Y)^2}$$

and median(Y) is the sample median. The formula is not defined in the event that the median is already equal to 50; in this case, the second step becomes redundant. It is important to note that the minimum, maximum and median values are determined considering all firm sizes. This implies that an indicator's minimum value, for instance, will be the same for firms of any size. This is consistent with ITC's definition of competitiveness, which reflects a firm's business activities irrespective of its size. It is also important to note that the minimum, maximum and median values are determined considering both time periods in the sample. This is what allows for comparisons across time in the normalized and transformed indicators.

The radar diagrams on the right hand side of the SME competitiveness grid convey the statistics indicated in the tables. The solid area plots are colour-coded according to each pillar of competitiveness and represent aggregate indicator values for all firm sizes. The lines of varying patterns identify indicators for small firms (dotted black line), medium firms (solid black line) and large firms (dashed black line). The blue line is the country-specific reference level indicating the expected competitiveness of the country.

Data sources

Key indicators reflect the most recent data available, with the exception of GDP and population, which rely on a 2018 forecast to ensure that they are based on the same year for all countries. The value of the SME competitiveness grid indicators and their change in time are calculated using the closest available data to 2007 and 2017. Specific dates by country and indicator are listed in the detailed online annex.[349]

Certain indicators contain the phrase 'inverted scale' in the description tag to signal that these indicators are based on raw data measured by an inverted scale, in which higher values indicate worse outcomes. The transformation and normalization procedure converts these series to a positive scale, in which higher values indicate better outcomes.

Key indicators

TABLE A.1. Data sources used in key indicators

Indicator	Source	Year
Population	IMF World Economic Outlook	2018
GDP	IMF World Economic Outlook	2018
GDP per capita	IMF World Economic Outlook	2018
Share of world GDP	IMF World Economic Outlook	2018
Current account surplus/deficit	IMF World Economic Outlook	2017
Tariff preference margin	ITC Market Access Map	2017, 2018
Imports and exports (goods and services)	ITC Trade Map	2016, 2017
Service exports	ITC Trade Map	2016, 2017
Income Group	World Bank classification	2017

National environment

TABLE A.2. Data sources used in national environment

Indicator	Source	Year
Compete		
Getting electricity	*World Bank, Doing business*	2007-2017
Ease of trading across borders	*World Bank, Doing business*	2007-2017
Applied tariff, trade-weighted average (inverted scale)	ITC Market Access Map	2006–2018
Prevalence of technical regulations (inverted scale)	International NTM database, available from ITC Market Access Map	2008-2017
Faced tariff, trade-weighted (inverted scale)	ITC Market Access Map	2007-2018
Logistics performance index	World Bank and Turku School of Economics	2007–2018
ISO 9001 quality certificates	ISO, ISO Survey of Management System Standard Certification	2007-2017
ISO 14001 environmental certificates	ISO, ISO Survey of Management System Standard Certification	2007-2017
Governance index	World Bank, Worldwide Governance Indicators	2007-2017
Connect		
ICT access	ITU, Measuring the Information Society, ICT Development index	2007-2017
ICT use	ITU, Measuring the Information Society, ICT Development index	2007-2017
Government's online service	UNPAN, e-government survey	2008-2016
Change		
Ease of getting credit	*World Bank, Doing Business*	2007-2014
Interest rate spread (inverted scale)	World Bank, on the basis of IMF data, International Financial Statistics and data files	2007–2016
School life expectancy	UNESCO Institute for Statistics	2007-2017
Ease of starting a business	World Bank, Doing Business	2007-2017
Patent applications	WIPO	2007–2016
Trademark registrations	WIPO	2007–2016

Firm capabilities

TABLE A.3. Data sources used in firm capabilities

Indicator	Source	Year
Compete		
International quality certification	World Bank Enterprise Surveys	2006–2018
Bank account	World Bank Enterprise Surveys	2006–2018
Capacity utilization	World Bank Enterprise Surveys	2006–2018
Manager's experience	World Bank Enterprise Surveys	2006–2018
Connect		
E-mail	World Bank Enterprise Surveys	2006–2018
Firm website	World Bank Enterprise Surveys	2006–2018
Change		
Audited financial statements	World Bank Enterprise Surveys	2006–2018
Investments financed by banks	World Bank Enterprise Surveys	2006–2018
Formal training programme	World Bank Enterprise Surveys	2006–2018
Foreign technology licences	World Bank Enterprise Surveys	2006–2018

Business ecosystem

TABLE A.4. Data sources used in business ecosystem

Indicator	Source	Year
Compete		
Power reliability (inverted scale)	World Bank Enterprise Surveys	2006–2018
Domestic shipping reliability (inverted scale)	World Bank Enterprise Surveys	2006–2018
Dealing with regulations (inverted scale)	World Bank Enterprise Surveys	2006–2018
Customs clearance efficiency (inverted scale)	World Bank Enterprise Surveys	2006–2018
Connect		
State of cluster development	World Economic Forum, Executive Opinion Survey	2007–2017
Extent of marketing	World Economic Forum, Executive Opinion Survey	2007–2017
Local supplier quality	World Economic Forum, Executive Opinion Survey	2007–2017
University industry collaboration in R&D	World Economic Forum, Executive Opinion Survey	2007–2017
Change		
Access to finance (inverted scale)	World Bank Enterprise Surveys	2006–2018
Access to educated workforce (inverted scale)	World Bank Enterprise Surveys	2006–2018
Business licensing and permits (inverted scale)	World Bank Enterprise Surveys	2006–2018

Listed countries and composition of regions

This section lists all 85 countries included in the calculations of the SME competitiveness grid, grouped following the United Nations' definition of geographic regions.[350] It also shows whether countries are least developed countries (LDCs), landlocked developing countries (LLDCs), small island developing States (SIDS), and belong to the Organisation for Economic Co-operation and Development (OECD).

The SME competitiveness sample does not cover all countries in the five regions due to the paucity of data. For example, in Europe, the data is mainly available for countries in Central and Eastern Europe; in the Americas, the sample covers Latin America and the Caribbean; in Asia, the sample does not include Japan or the Republic of Korea. Data for Oceania is not available.

Africa

TABLE A.5. Countries in Africa

Country	Group	Country	Group
Angola	LDC	Lesotho	LDC, LLDC
Benin	LDC	Liberia	LDC
Botswana	LLDC	Madagascar	LDC
Burundi	LDC, LLDC	Malawi	LDC, LLDC
Cameroon		Mali	LDC, LLDC
Chad	LDC, LLDC	Mauritania	LDC
Côte d'Ivoire		Namibia	
Democratic Republic of the Congo	LDC	Nigeria	
Egypt		Rwanda	LDC, LLDC
Eswatini	LLDC	Senegal	LDC
Ethiopia	LDC, LLDC	Sierra Leone	LDC
Gambia	LDC	Uganda	LDC, LLDC
Ghana		United Republic of Tanzania	LDC
Guinea	LDC	Zambia	LDC, LLDC
Kenya		Zimbabwe	LLDC

Americas

TABLE A.6. Countries in the Americas

Country	Group	Country	Group
Argentina		Honduras	
Bolivia	LLDC	Mexico	OECD
Chile	OECD	Nicaragua	
Colombia		Panama	
Dominican Republic	SIDS	Paraguay	LLDC
Ecuador		Peru	
El Salvador		Uruguay	
Guatemala		Venezuela	

Asia

TABLE A.7. Countries in Asia

Country	Group
Armenia	LLDC
Azerbaijan	LLDC
Bangladesh	LDC
Bhutan	LDC, LLDC
Cambodia	LDC
Georgia	
Indonesia	
Kazakhstan	LLDC
Kyrgyzstan	LLDC
Lao People's Democratic Republic	LDC, LLDC
Mongolia	LLDC
Myanmar	LDC
Nepal	LDC, LLDC
Pakistan	
Philippines	
Tajikistan	LLDC
Timor-Leste	LDC, SIDS
Turkey	OECD
Viet Nam	
Yemen	LDC

Europe

TABLE A.8. Countries in Europe

Country	Group
Albania	
Bosnia and Herzegovina	
Bulgaria	
Croatia	
Czechia	OECD
Estonia	OECD
Hungary	OECD
Latvia	OECD
Lithuania	
Montenegro	
North Macedonia	LLDC
Poland	OECD
Republic of Moldova	LLDC
Romania	
Russian Federation	
Serbia	
Slovakia	OECD
Slovenia	OECD
Ukraine	

SME-SDG investment gap model

The following outlines the methodology used to estimate the additional annual SME financing needed to maximize the contribution of SMEs to the Sustainable Development Goals.

The methodology can be applied to estimate the SME financing needed to achieve each of the SDGs. However, there are synergies between the goals. For example, financing that helps SMEs achieve the job targets in SDG 8 can also help achieve environmental and health objectives set in other goals. Adding up each of the financing estimates for each goal would thus entail double counting. Yet it is not possible to measure all these connections to quantify the degree of overlap.

Taking an estimate of the financing needed to achieve just one of the goals is a feasible alternative. This modest approach investigates how much financing SMEs need to maximize their contribution to the goal they influence the most. Taking an average of the financing needed to attain the two most relevant goals further balances the figure.

There are qualitative and quantitative reasons that investment in small businesses is likely to have the strongest impact on SDGs 8 and 9. The qualitative analysis presented in chapter 1 of this report, as well as the count of the targets in each goal affected by SMEs in Figure 3, underscore that SMEs have the strongest impact on SDGs 8 and 9. Econometric analysis using the data described below affirms the statistical strength of the relationship between SME finance and country-level achievements on these goals. The method used here is based on the financing needed to attain SDGs 8 and 9.

The method used in this report mirrors that proposed by the IMF to quantify the SDG finance gap for SDG 3 (*Good Health and Wellbeing*) and SDG 4 (*Quality Education*).[351] The IMF's approach places countries into peer groups and calculates how much extra financing is needed to catch up to the best performers within that group.

The methodology used in this report follows four steps:

1. For each country *i*, an average of the SDG 8 and SDG 9 score is calculated.
2. For each country *i*, a peer group is defined based on their GDP per capita.
3. For each peer group, the top five SDG performers are identified, and their average SME credit supply (as a share of GDP) is set as the benchmark (*BM*).
4. The finance gap for country *i* can then be calculated. It is defined as the difference between the benchmark SME credit supply and the current SME credit supply of country *i*.

$$Finance\ Gap_i = SME\ Credit\ Supply_{BM} - SME\ Credit\ Supply_i$$

Data

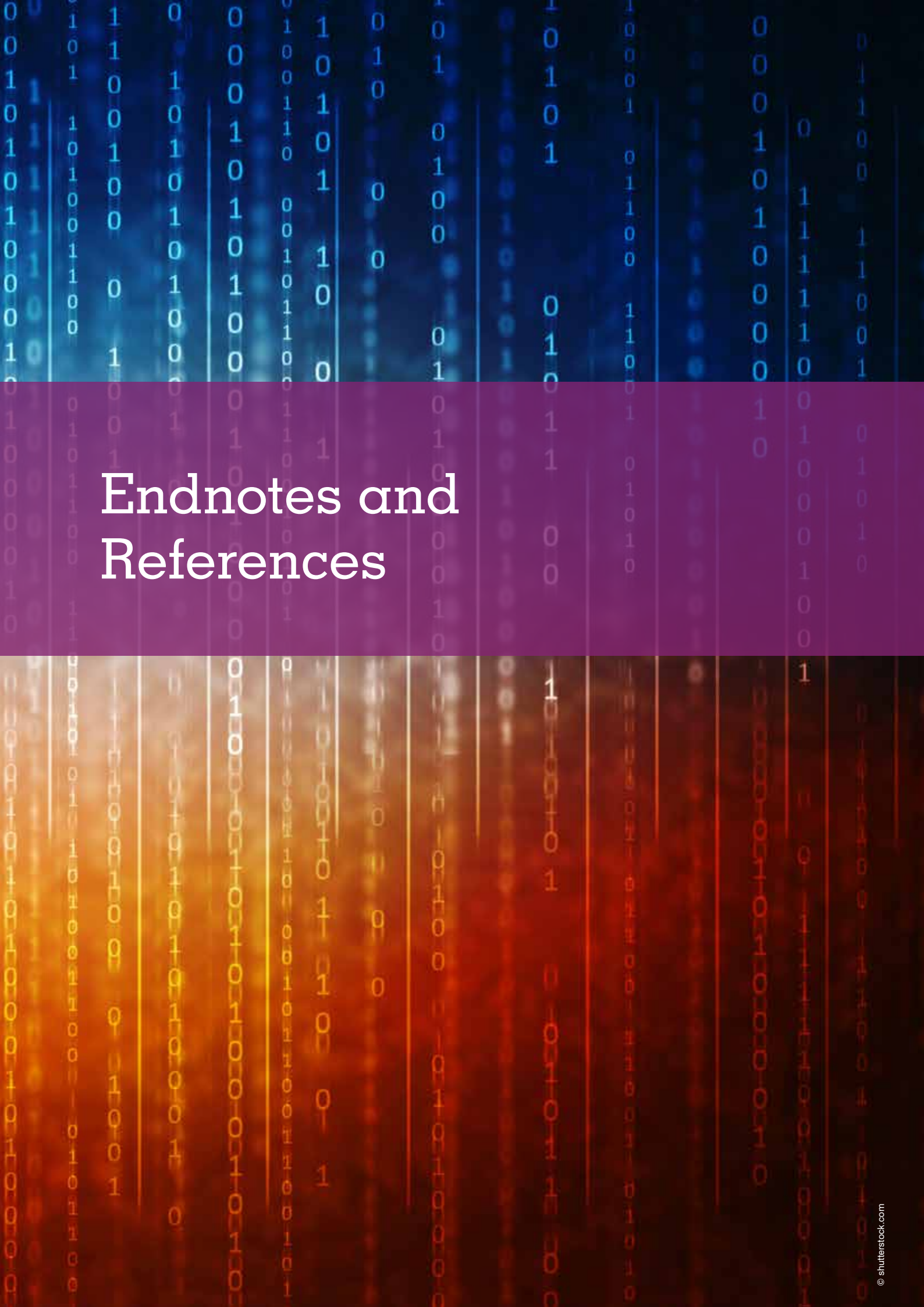
- SDG performance is measured using the latest available from the Bertelsmann Stiftung and the Sustainable Development Solutions Network, which have produced the SDG Index and Dashboards Report annually since 2016.[352] These data measure all countries' SDG performance for all SDGs and for each SDG individually.[353]
- SME credit supply is measured using data from the IFC and the OECD. IFC provides developing country data on SME credit supply for 2016.[354] OECD SME Finance Scorecards provide developed countries and selected emerging markets SME credit supply data for the same year.[355]
- GDP and GDP per capita are measured considering World Development Indicators for 2016.

If a country has both IFC and OECD data, the highest estimate is used. SME credit supply for countries with no data is predicted based on a simple linear regression of SME credit supply (% of GDP) and GDP per capita.

Results

The results indicate that developing countries need $1 trillion of additional yearly SME credit to reach their SDG 8 and SDG 9 performance frontiers. They are consistent with an average increase in SDG 8 and SDG 9 performance of between 15 to 20 percentage points.

As other forms of finance, such as equity, are not included in the analysis (because the available data is limited to credit), the total required SME-SDG investment gap may be higher than $1 trillion. However, most SME finance in developing countries takes place through credit.



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