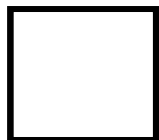


ENTREPRENEURSHIP POLICY TOOLKIT

PART 5.2: MARKET ACCESS



Prepared by:



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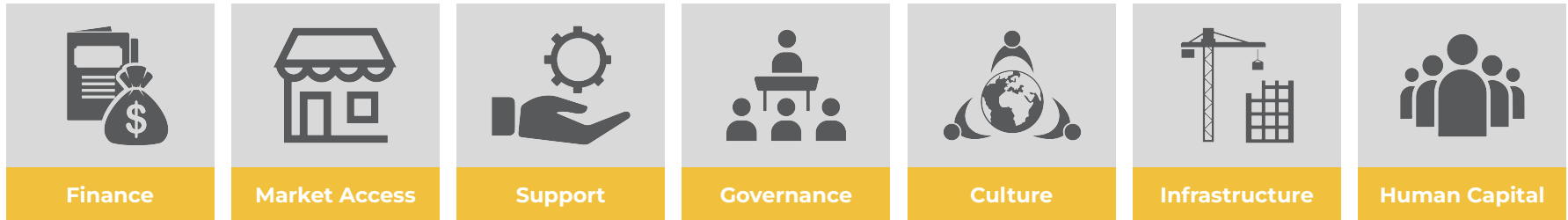
**Make-IT
in Africa**

How to read Part 5 of the toolkit?

Part 5 of the Entrepreneurship Policy Toolkit addresses the main challenges faced by entrepreneurs across the continent.

In the previous part of the toolkit, i4Policy analyzed the challenges covered by fourteen entrepreneurial ecosystem diagnostic tools. We concluded that, despite wide variation in sources, the evaluative approaches are relatively consistent and seven challenges are considered the main categories in most of the methodologies reviewed.

These seven provide us with a well-researched typology of challenges faced by entrepreneurs across the world:



How to read Part 5 of the toolkit?

Part 5 of the Entrepreneurship Policy Toolkit is divided into seven sub-sections, tackling each of the challenges mentioned in the previous slide, as follows:

1. **Finance**
2. **Market Access**
3. **Support**
4. **Governance**
5. **Culture**
6. **Infrastructure**
7. **Human Capital**

It is up to you to read through the sub-sections as you desire. You can either download or read the entirety of Part 5, if you want to have a broad understanding and bird-eye view of all challenges faced by entrepreneurs. However, if only a specific challenge is of interest to you, feel free to go through one (or several) sub-sections.

Each subsection contains policy interventions, focusing first on the objectives the policy must meet in order to effectively tackle a challenge, then on the policy's expected impacts and KPIs. Throughout all subsections, examples of successful national policy interventions will be provided per challenge.

What will I learn?

Part 5.2 - Market Access

In this section, we will explore how public policy interventions can facilitate market access for entrepreneurs. You will learn:

- How easing access to the domestic market can foster competition and economic growth in your country;
- Ways to create bigger markets through facilitating imports & exports;
- How to improve the availability of affordable equipment, inputs and spaces;
- How to open up a new market for SMEs and Startups by encouraging their participation in public procurements;
- Which instruments can support the development of technological goods and services.

” _____

30% of entrepreneurs in South Africa rank market access among the most needed opportunities for their business.¹

¹ National Youth Development Agency (2021). *Entrepreneurship Survey Report 2019/2020*. South Africa.
[http://www.nyda.gov.za/Portals/0/downloads/Quarter%20Two%20\(2\)%20Outlook%20Entrepreneurship%20Survey.pdf](http://www.nyda.gov.za/Portals/0/downloads/Quarter%20Two%20(2)%20Outlook%20Entrepreneurship%20Survey.pdf)



Part 5.2

Part 5.2 - Market Access

- 5.2.1 Domestic Market
 - 5.2.2 Internationalization
 - 5.2.3 Equipment & Inputs
 - 5.2.4 Public Procurement
 - 5.2.5 Innovation Adoption
-

5.2.1 Domestic market

These interventions consist of facilitating access to the domestic market through market intelligence, networking and capacity building. A level-playing field and a growing economy fosters growth of companies that are competing on the merits.

Policy Objectives Addressed

- Increasing and improving the quality of goods and services offered in the country

Expected Impacts

- GDP Growth
- Increase SMEs market value

KPIs

- GDP Growth %
- Domestic market scale
- Competition
- Shadow economy
- Extent of market dominance
- Firms competing against unregistered or informal firms
- Number of subsidiaries with HQ in the country

5.2.1 Domestic Market



- **Events, Exhibitions & Forums:** Promoting events aimed at SME marketing.

The Nigerian SME Agency (SMEDAN) intends to create a stakeholder forum for the support of marketing research which can be disseminated to interested MSMEs.

- **Marketing tools:** Creation of marketing tools for the promotion of SMEs goods and services.

Mauritius seeks to establish an international e-commerce portal to showcase products and services of SEDP members to international clients at a minimum fee. The portal will include an e-payment facility.

- **Access to Market Information:** Facilitating the flow of market information.

The Rwandan government will develop a strategy to determine changing SME market information needs and will create tools e.g. comprehensive databases of market information at each district level Business Development Service center.



5.2.1 Domestic Market

- **Training and support:** Providing training and support to improve SMEs' access to market.

Tanzania seeks to facilitate support programs that improve SMEs' access to market. These include programs that strengthen marketing agencies and institutions that support SMEs.

- **Business to Business:** Encouraging subcontracting relationships between SMEs and larger companies.

Côte d'Ivoire seeks to organize SME relations with large companies, to encourage the emergence of clusters of innovative companies, and to increase technology transfer from universities and research institutes to SMEs.

- **Co-branding with national platforms and agencies for made in Africa:** Leverage tourism platforms to showcase local brands by associating the promotion of your country with promotion of SMEs.

The Moroccan Investment Development Agency certifies/labels local products and offers support for internationalization for companies meeting a certain level of quality and standards. Entrepreneurs can leverage on the country's brand to promote their own brand.



The Mauritius trade fairs for SMEs



- ❖ The former SMEDA (now SME Mauritius) organized trade fairs to create opportunities for SMEs to benchmark the SME products and services on the local market.
- ❖ The primary objectives of those trade fairs are to raise awareness about the know-how of local SMEs, increase the visibility of locally-manufactured products, enable SMEs to better communicate, promote and sell their products to the local public as well as tourists and create linkage with other enterprises.
- ❖ Trade fairs are also an occasion for SMEs to communicate with their clients, understand their demands and evaluate whether there are any gaps in the market so that they can fulfill it or add value to their existing products.¹

¹ <https://www.ukessays.com/essays/economics/policies-promote-smes-mauritius-7513.php>



5.2.2 Internationalization

These interventions aim at easing export and import and contribute to create bigger markets for companies.

Policy Objectives Addressed

- Creating ease of export and import

Expected Impacts

- Increase of exports

KPIs

- Trading across borders
- Internationalization
- Applied tariff rate

5.2.2 Internationalization



- **Market intelligence and information:** Providing relevant information to enterprises on market opportunities, trends, competitors and consumers, with the purpose of facilitating confident decision-making and market strategies.

Mauritius' policy provides that its SME agency (now SME Mauritius) should circulate a monthly Export e-Newsletter with market intelligence information to all participants of its SME Export Development Programme.

- **Networking through International Fairs and Trade Missions:** Creating opportunities for business networking and setting up of events for promotion and marketing of goods and services.

The Philippines supports startups that have passed their respective selection and application process for local or international startup events or competitions.

This support includes an endorsement for expedited processing of travel documents e.g. passport and/or visa applications and per diem allowances. The government may also provide full or partial subsidies for fees incurred in the application of travel documents; fees for baggage allowance for materials, equipment, and/or products; and subsidies for roundtrip airfare.

5.2.2 Internationalization



- **Export Advisory, Training and Capacity Building:** Address the need to build SME capacity and knowledge on export through advice, training, skills upgrades, etc.

Benin intends to provide managerial training for exports and Ghana seeks to provide advice on the approval of import licenses for small-scale entrepreneurs.

- **Financial Support:** Provide financial support specifically designed to foster internationalization.

Morocco offers to bear part of the expenditure relating to the formation of SME groupings or associations whose purpose is to gain access to external markets.



10 year Master Plan for the SME Sector in Mauritius



- ❖ Mauritius' policy offers a comprehensive strategy to penetrate foreign markets, with a specific focus on African markets, leveraging on the 14 Double Taxation Avoidance Agreements, Government to Government agreements and diplomatic efforts. It proposes an SME Export Development Program (SEDP) targeted at supporting SMEs that produce goods and services with high export potential. Its strategies includes the provision of market intelligence, networking, advisory services, capacity building and training.
- ❖ Mauritius also intends to maintain its Participation in International Fairs Grant Scheme (PIFGS) for manufacturing SMEs supported by the Board of Investment for SMEs engaged in the services sector.
- ❖ Finally, Mauritius proposes that three existing schemes, the Freight Rebate Scheme (Africa, Madagascar and Reunion), the Export Credit Guarantee Scheme and the Air Freight Scheme be open to SMEs registered under the SEDP.





GIZ export program to help Tunisian SMEs export in other African countries



- ❖ GIZ partnered with the Tunisian Ministry of Commerce to help small and medium-sized enterprises in the manufacturing and service sector that have little or no representation in African markets.
- ❖ With support from the project and Deloitte, companies in the food, construction and health industries have established export consortia to jointly tap into new markets in Africa. The consortia developed strategies for exporting to the five African target markets: Cameroon, Côte d'Ivoire, the Democratic Republic of Congo, Kenya and Nigeria.
- ❖ The project also explicitly targets German enterprises that are looking to enter the sub-Saharan market but need partners on the continent to do so. It organises business trips and visits to trade fairs in Germany, Tunisia and the African target markets in order to help establish contacts and form partnerships.



¹ <https://www.giz.de/en/worldwide/57843.html>

Ivory Coast - Online platform for foreign trade



- ❖ Launched as of July 1, 2013, The Guichet Unique du Commerce Extérieur (GUCE) will gradually consolidate all information relating to foreign trade into a single transactional portal, to enable any individual wishing to trade to or from Ivory Coast to obtain a clear procedure, as well as adequate support, in order to carry out their business operations online.
- ❖ The website provides economic operators with a comprehensive user-friendly single source where all information on imports, exports and transit as well as all regulations, procedures and requirements for trade in Côte d'Ivoire can be found.
- ❖ In particular, it provides preliminary advice to economic operators on the most common requirements for the import or export of goods in Côte d'Ivoire.



5.2.3 Equipment & Inputs

These interventions aim to improve availability and access to equipment (including offices and physical space, machinery or high-tech equipment), technical material (including packaging), and raw materials at the right quality and price to support business expansion.

Policy Objectives Addressed

- Facilitating access to affordable equipment, inputs and spaces

Expected Impacts

- Increase businesses productivity

KPIs

- Local supplier quantity
- Price per square meter for commercial space

5.2.3 Equipment & Inputs



- **Land Access:** Facilitating the access to plot lands.

Benin and Niger's laws seek to facilitate access to land by simplifying legal procedures. In both countries this includes allocating a specific number of plots for SMEs after submitting evidence of eligibility.

- **Industrial Clusters and Special Economic Zones:** Promoting the gathering of companies in areas with infrastructure for technology development.

Nigeria's policy offers a multi-pronged approach and works with the private sector to establish cluster parks. The government seeks to create public-private partnerships that support business estates and industrial clusters with essential technical facilities and services. SMEDAN, for instance, seeks to partner with existing free trade zones, the Nigerian Export Processing Zones Authority, and private sector institutions to create MSME specific free trade zones. The policy also proposes resuscitating and converting Industrial Development Centers (IDCs) into MSMEs cluster parks through PPPs.



5.2.3 Equipment & Inputs

- **Buildings/Office Spaces:** Facilitating the access to buildings and office spaces.

Zambia's law facilitates SME access to buildings and provides tax incentives for owners of buildings who offer their properties to SMEs for use.

- **Raw Materials:** Facilitate the acquisition, transportation and use of raw materials.

Botswana seeks to facilitate sourcing of raw materials through publicity, outreach and information technology.

- **Equipment:** Facilitate acquisition, maintenance and renewal of equipment.

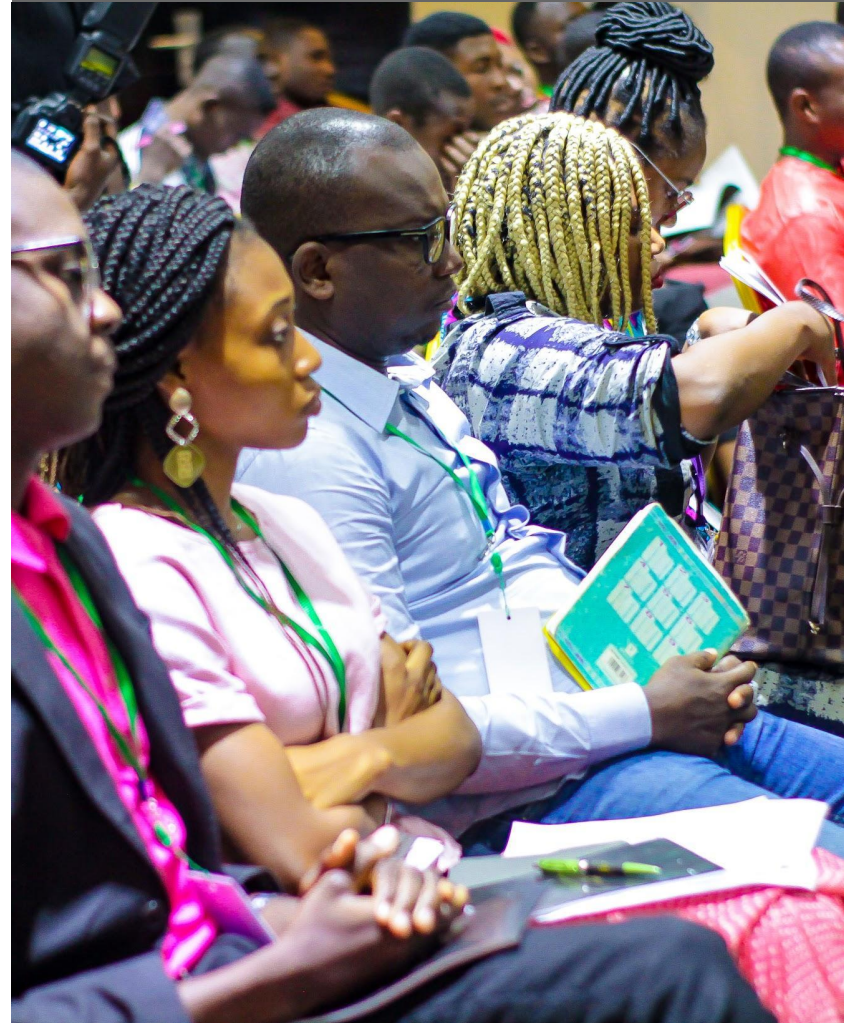
The Ivorian law provides for the adoption of legislative and regulatory measures to encourage leasing, which allows SMEs to acquire or renew their equipment.



Buildings and premises provisions in Zambia



- ❖ Zambia's small enterprises development act facilitates SME access to buildings and provides tax incentives for owners of buildings who offer their properties to SMEs for use. Specifically, the government will assist MSMEs in manufacturing with industrial estates; and MSME in the trading and sale of goods and services with commercial estates.
- ❖ Owners of any building or premises who let them out for the purposes specified above receive tax exemptions on income received from rentals on and the payment of rates on factory premises; and benefit from capital allowances at the following special rates:
 - i. any building used as industrial estates qualify for a wear and tear allowance of five per centum per annum of the cost, plus an initial allowance of ten per centum of the cost in the year in which the building is first used;
 - ii. a wear and tear allowance of fifty per centum per year of the cost in each of the first two years for implements, machinery and plant used exclusively for farming and manufacturing.





Dakar Integrated Special Economic Zone (DISEZ)



- ❖ The Dakar Integrated Special Economic Zone is a government project developed in partnership with EZW (Economic Zones World), a world-renowned investor and operator of economic free zones.
- ❖ The DISEZ's site includes an industrial park, service spaces, offices, a logistics platform and, later, a commercial zone, tourist complexes and residential areas.
- ❖ The Special Economic Zones (SEZ) aim at contributing to make Senegal a regional logistics and industrial hub and help to develop all the country's geographical assets.



5.2.4 Public Procurement

These interventions aim to facilitate access to information and to public and private procurement markets for SMEs. They include ensuring timely payments and contract sizes that are tailored to SMEs, to enhance their chances of winning tenders, thereby opening up a new market segment for smaller firms.

Policy Objectives Addressed

- Facilitate the access to public procurement for SMEs
- Encouraging private subcontracting to SMEs

Expected Impacts

- More creation and development of SMEs

KPIs

- Public procurement score
- Private procurement: opportunities for SMEs

5.2.4 Public Procurement



- **Contract Allocations for SMEs:** Reserving a portion of public orders for SMEs.

Djibouti reserves all public contracts under fifteen (15) million Djiboutian francs for Very Small Business in their respective sectors.

- **Subcontracting SMEs:** Encourage private subcontracting to SMEs.

Large companies bidding on public contracts in Senegal who subcontract to SMEs gain preference. Applicants who subcontract 30% of the services to one or more labelled startups or who submit a group offer with one or more startups may receive a 5% preference margin.

- **Technical and material support:** Provide technical and material support in order to win public tenders.

Burkina Faso offers support to assist SMEs in gaining approval of their products. Burkina Faso seeks to promote access to the WAEMU Community and international public contracts by providing access to information and procedures for preparing tenders.

5.2.4 Public Procurement



- **Simplified Requirements and Relaxed Norms:** Simplifying rules related to public procurement.

India's Department of Expenditure relaxes the conditions of prior experience, prior turnover and provides an exemption from Earnest Money Deposits (EMD) upon successful fulfillment of quality and technical specification.

- **Online Procurement:** Digitizing public order procedures.

Morocco has introduced an electronic procurement system that requires public entities to allow bidders to submit their bids online if they wish to do so.

5.2.4 Public Procurement



- **Financial Support:** Supporting SMEs financial effort towards getting public contracts.

Morocco's law makes provision for the government to bear part of the expenditure relating to the formation of SME groupings or associations whose purpose is to gain access to public procurement.

- **Government Patronage of SME goods and services:** Encouraging the consumption of goods and services provided by SMEs.

Nigeria's policy states that the government will make deliberate efforts to patronize MSME products/services.



Burkinabè SBA's measures to facilitate access to public procurement for SMEs



- ❖ Burkina Faso SBA sets up a series of measures to facilitate access to public procurement and the association of large companies to carry out certain projects.
- ❖ Large companies bidding for large contracts and development projects are encouraged to subcontract with local SMEs.
- ❖ The State ensures the revision of award criteria and procedures for the management of public orders, to take into account the specificity of SMEs and at least 15% of the public contracts must be reserved for SMEs.
- ❖ Finally, the State ensures that the contracting authorities make payments of claims within specified time limits.



5.2.5 Innovation Adoption

These instruments stimulate development and fast integration and adoption of innovative ideas, processes and technological improvement. The interventions focus on the development of frameworks and certification processes, the integration of manufacturing capabilities in the production process and providing benefits to SMEs that show improvements in their level of technological innovation.

Policy Objectives Addressed

- Increase the use and the development of technological goods and services

Expected Impacts

- Increase in manufacturing and delivery of value-added products and services

KPIs

- Legal framework adaptability to emerging technologies
- Knowledge diffusion
- Adoption of emerging technologies
- Technology absorption
- Medium and High-tech industry
- Innovations index (Global Innovations Index)

5.2.5 Innovation Adoption



- **Frameworks for Adoption of New Technologies and Processes:** Promoting the use and the creation of technological goods and services.

In Mauritius, in a bid to create more 'green SMEs', the policy seeks to define a framework for eco-labelling and eco-certification and empower public authorities to enforce regulations. It also seeks to ensure implementation of agricultural, manufacturing and tourism initiatives under the umbrella of the Switch Africa Green (SAG) project.

- **Promoting Value Addition through Manufacturing:** Fostering industrialization.

Tanzania's policy focuses on promoting manufacturing enterprises in rural areas to increase value-addition of agro products. It intends to do this by strengthening extension services aimed at promoting industrialization; facilitating technology transfer to rural areas, including upgrading of existing technologies and supporting the establishment of rural industrial cooperatives.

- **Rewarding technological innovation:** Encouraging the development of technology.

The Italian Startup Act makes provision for the government to upgrade the status of innovative startups by transferring "mature" startups to "innovative SME" status. This status is available for companies that have experience and production value, and whose activities are characterized by a high level of technological innovation.



Rwanda ICT adoption policy



- ❖ In Rwanda, policy initiatives have focused on ICT adoption. They included the introduction of mobile ICT vans, IT training for SMEs and subsidized business laptops.
- ❖ Rwanda also intends to facilitate SMEs' access to infrastructural facilities (SEZs) and to provide SMEs with the opportunity to work alongside other large and small enterprises, to promote their technological adoption.
- ❖ Furthermore, in 2016 over 400 buses were connected to 4G Internet, offering passengers (including many schoolchildren) free wireless Internet while taking public transport.¹

¹ <https://blogs.worldbank.org/edutech/mobile-internet-buses-vans-and-classrooms>





Morocco CCG Open Innovation Platform



- ❖ In Morocco, the Caisse Centrale de Garantie (CCG), co-founded with the World Bank, increased collaboration between large companies and startups to create proof of concepts for innovation and technology across industry, agriculture, banking and other sectors.
- ❖ The CCG identified the challenges faced by larger companies and trained and mentored startups to address them. Startups were rewarded with funding to implement their concept and selected concepts received direct tenders and contracts they wouldn't otherwise have been able to.
- ❖ The project was initially piloted with private sector companies but later with public sector as well. Local companies were also trained to take over some services that were provided by foreign companies.



Key Performance Indicators



Market Access KPIs



Sub Challenge	Description	Indicators	Source
Domestic market	Captures the favorability of the domestic market in terms of size, the competitive environment and the fairness of competition. A level-playing field and a growing economy fosters growth of companies, competing on the merits.	GDP Growth %	www.theglobaleconomy.com
		Domestic market scale	www.globalinnovationindex.org
		Competition	www.thegeedi.org
		Shadow economy	www.theglobaleconomy.com
		Extent of market dominance	www.thegeedi.org
		Firms competing against unregistered or informal firms	www.enterprisesurveys.org
Internationalization	Tracks time and cost to export and import products. Ease of export and import creates bigger markets and hence fosters growth.	Trading across borders	www.doingbusiness.org
		Internationalization	www.thegeedi.org
		Applied tariff rate	www.globalinnovationindex.org
Equipment & Inputs	Measures the availability of inputs on the market. The availability and access to equipment (e.g. offices, physical space, machinery or high-tech equipment), technical material (including packaging), and raw materials at the right quality, price and reliability supports business expansion.	Local supplier quantity	www.weforum.org



Market Access KPIs



Sub Challenge	Description	Indicators	Source
Procurement	Captures the ease for SMEs to access public and private procurement markets. Access to information, timely payments and contract sizes with attention to SMEs enhances opportunities for firms to win tenders, thereby opening up a new market segment for smaller firms.	Public procurement score	www.worldbank.org
		Private procurement: opportunities for SMEs	Expert opinion
Innovation adoption	Tracks the diffusion of new products and services and the capability of the consumer market to absorb them. Concerns the development of frameworks and certification processes, integration of manufacturing capabilities in the production process and openness of consumers to use new services and solutions.	Legal framework adaptability to emerging technologies	www.weforum.org
		Knowledge diffusion	www.globalinnovationindex.org
		Adoption of emerging technologies	www.globalinnovationindex.org
		Technology absorption	www.thegedi.org
		Medium and High-tech industry	https://unstats.un.org

WHAT TO EXPECT NEXT...




Now that you have explored ways in which to facilitate entrepreneurs' access to broader markets, the next Section (Part 5.3) will focus on business development service providers' role and value: business support.


Take your time to explore and navigate each topic at your own pace. And remember to keep a notebook handy in case you want to jot down particular examples or questions to relate back to your own context.

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