



**Asia-Pacific
Economic Cooperation**

**"INTERNSHIP SUPPORT SYSTEM FOR LEARNING BEST PRACTICES IN THE
DEVELOPMENT OF MICRO AND SMALL ENTERPRISES WITHIN APEC
ECONOMICS"**

SME Working Group (APEC project SME 02/2006)
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1. INTRODUCTION

The Technical Corporation Service, SERCOTEC, and The Asia – Pacific Economic Cooperation Secretariat, signed the APEC Project SME 02/2006 “Internship support system for learning best practices in the development of micro and small enterprises within APEC economics” on June 15th, 2006.

SERCOTEC is a Chilean Government entity, responsible for providing services to micro and small enterprises. It was created as a private corporation, a branch of the Chilean Economic Development Agency (CORFO). Its mission is to support and fund initiatives for increasing competitiveness of the micro and small enterprises and to strength the management capacities of their entrepreneurs. This Service works primarily in the development of tourism, traditional fishing, wood and furniture production, retailers and crafts.

For this purpose, SERCOTEC manages different programs to increase entrepreneurial association, improve the conditions of enterprises environment, increase their share in sales and seize new business opportunities.

SERCOTEC, as part of the Chilean Delegation, originally belongs to the Micro Enterprise Sub Group (MESG), today integrated to the Micro and Small Enterprises Working Group (SMEWG).

The Project SME 02/2006 “Internship support system for learning best practices in the development of micro and small enterprises within APEC economics” had the objective of setting up and making accessible a specialized web site where people could share SME best practices or experiences. And those who were interested in learning more about a particular best practice or experience could apply to an Internship, which provides the practical knowledge.

The project understood for best practice, a business management idea which indicates method, process, technique or activities better than others methods, process, techniques or activities that with a proper implementation, a business project could be executed and completed with fewer problems and unexpected complications.

An experience, on the other hand, was assumed as the knowledge we gained through the participation or involvement in the establishment and development of a company, which not necessarily meant a good practical knowledge, learning for a bad experience and errors

2. PROCEDURE OF THE PROJECT

To publish a Best practice or an Experience, the participants had to follow a three steps procedure. First, they had to send the experience or best practice document to the Website, by filling out the entry form. To do so the participant had to be previously registered in the website. Then, the Website administrator checked for completeness of the form and the use of an understandable English redaction. Once the document had met all requirements requested by the Website, it went to the final step procedure, the Focal Point validation. The Focal point was the person who represented the respective economy

in the project. It was a very important key, because its function was to endorse the best practice or the experience sent to the Website.

Only the document seconded by the Website Administrator and validated by its focal point was published on the project website in the section of the Priority area related to that best practice or experience.

Once the document was published, the APEC Project offered the possibility of an Internship to the participant registered on the Website who wanted to know more and on the field the best practice or experience published.

The Project had programmed to contribute to the financing of up to 20 internships during its time. To be an applicant for that internship, it was necessary to be member of one of the 11 travel eligible economies beneficiaries of APEC project, namely Chile, China, Indonesia, Malaysia, Mexico, Papua New Guinea, Peru, Philippines, Russia, Thailand and Viet Nam. The other economies interested in an Internship had to pay it with their own budgets.

Finally, the Website created a space where the registered participants could give their opinions or share their views regarding the best practices or experiences published on it.

3. PROJECT BACKGROUND

SERCOTEC hired "Asesorías e Inversiones Azul Limitada" a company to design and develop the Website www.mebestpractices.org and a website administrator to manage it.

APEC project was designed to achieve the Priority Areas agreed on the ME Action Plan.

Because the project was just starting it was decided by the Microenterprise Sub Group (MESG) to meet the expectations of just three of the priorities, namely: Access to Financial Services, Access to Technology and Management and Marketing Skills.

It was after the 7th Meeting of the Micro-Enterprises Sub Group held in Hanoi, Vietnam on 25th September 2006 that it was decided to extend the priorities to the other three areas, namely, Compiling Information for policy Adjustment, Policy and Regulatory Frameworks and Capacity Building.

Since then, there had been two APEC MESG Meeting, one in Hobart, Australia on March 2007 and another in Bali, Indonesia on August 2007. SERCOTEC prepared for both of those Meeting a Power Point presentation, with clear indications of the difficulties that the project had faced.

Thus, in the APEC MESG Meeting, Hobart - Australia, after hearing the report of the Project Overseer, the economies agreed that a small working group should assist Chile on the regarding project. (MESG Summary Report, 4.1) But unfortunately, it never happened.

In the APEC MESG Meeting, Bali, Indonesia, the economies decided to cancel the project after a Final Report is published on the APEC website to the knowledge of the member Economies.

4. OUTCOMES OF THE PROJECTS

During the APEC SME 02/2006 Project there were six best practices and one experience published on the website.

- a. PROMPYME'S GOVERNMENT PROCUREMENT INFORMATION WEB PORTAL
Economy: Peru
Priority Category: Access to technologies

This Experience describes the functioning and results attained by the Government Procurement Information Web Portal, developed by the Centre for Promotion of Small and Micro Enterprises of Peru (PROMPYME), which main objective is to facilitate the access of Micro and Small Enterprises to the Public procurement, by the quick and clear diffusion of the business opportunities such market offers.

- b. PROMOTING ENTERPRISE ACCESS TO CREDIT IN EAST JAVA - INDONESIA
Economy: Indonesia
Priority Category: Access to Financial Services

The Promoting Enterprise Access to Credit (PEAC Bromo) has been established to improve the flow of credit from Financial Institutions to Micro, Small, and Medium Enterprises (MSMEs) in East Java, Indonesia by strengthening business development service providers (BDSPs). BDSPs will act as intermediaries between the banking/financial institution and MSMEs community, thereby filling a missing link in the flow of credit and contribute to the economic development of East Java.

- c. SEED CAPITAL, SERCOTEC
Economy: Chile
Priority Category: Access to Financial Services

Seed capital is a project of the Chilean Technical Cooperation Service which provides to the micro entrepreneurs and people who had good businesses ideas with an initial funding, non reimbursable, to create their microenterprise or to incorporate new products on their companies. Its objective is to support and promote the creation and consolidation of new businesses, with better possibilities to success in the stage of project or initial phase of implementation. Technical assistance is provided during the first year of the project.

- d. ADVICE ON LINE SERVICE: WWW.REDSERCOTEC.CL
Economy: Chile
Priority Category: Access to technologies

This Best Practice describes the "Online Service" developed and supported by Redsercotec (www.redsercotec.cl), the Web portal of SERCOTEC. Redsercotec provides an Online Service to small and micro-entrepreneurs offering assistance on a broad range of subjects such as legal advice, training, entrepreneurship, information on specific sectors like tourism, traditional fishing, wood and furniture production, crafts, agriculture, commerce and so on, training and business opportunities.

- e. ACCION EMPRENDEDORA: TRAINING MICROENTREPRENEURS IN CHILE
Economy: Chile
Priority Category: Management and Marketing Skills

Acción Emprendedora (AE), is a non-profit organization that seeks to eradicate poverty in Latin America by training and assisting poor small micro enterprises. The aim of AE is to help micro entrepreneurs to grow their businesses through education and to mediate loan negotiations.

- f. "BANCOESTADO MICROEMPRESA (BEME) RECRUITMENT, SELECTION AND TRAINING PROGRAM"
Economy: Chile
Priority Category: Capacity Building

BancoEstado Microempresa (BEME) was established in March 1996 as the first specialized branch for micro entrepreneurs, with the objective of promoting equal opportunity access to funding for all Chileans, particularly lower income groups. For 10 years, BEME has been the industry's leader –in Chile and Latin America– with the best indicators in terms of clients (220.000), loan placement, and risk rates (1,3%). BEME's work's philosophy is based on management excellence, a concept that favours horizontal organizational structures, thus opening multiple opportunities for the participation of administrative units, employees, and clients.

- g. JAPAN'S SUPPORT FOR SMALL ENTERPRISES
Economy: Japan
Priority Category: Capacity Building

Dissemination of management improvements.

Placing management advisers and other staff at associations and chambers of commerce and industry around Japan to provide detailed consultations, and by dispatching experts according to needs. In order to ensure that such support is provided smoothly and effectively to the micro enterprises.

Unfortunately, there was none Internships requested during the project.

5. DIFFICULTIES

The project faced difficulties from its beginning. Thus for example:

- ❖ Soon after the release of the website, it was required to the economies to name a Focal Point. Its mission was to validate the Experiences and Best practices that the economies would send, to the project. It was explained to them the importance of its function in the project. Just twelve economies responded to the requirement.
- ❖ New Zealand appreciated the difficulties of the English translation and offers its help to improve it. We did not receive that support, however we did work on the improvement of the redaction and the proper use of the English language in the website.
- ❖ Other economies mentioned different kinds of problems, specifically the lack of uniform concepts such as micro enterprises, and a complex structural design because some sections were confusing and imprecise i.e. second contact, priority areas among others. All of that create uncertainty to the participants.
- ❖ Apart from that the project depended entirely on the enthusiasm and time availability of the delegate or representative of each economy.
- ❖ Furthermore, the target group was uncertain to everybody. The participant who sent the documents to be published on the website were mainly the economy delegates. There was not direct participation of any publics or private organizations. We did request names and email addresses of organizations, which support and promote micro enterprises within each economy but sadly only Japan, Philippines, USA and Peru answered. And from that contacts, none organization contribute to the project.
- ❖ Finally, the absence of publicity, the changes in the ME agencies and different North – South holiday seasons were important barriers in term of participation and lack of coordination among economies and the project overseer.

6. LESSONS OF THE EXPERIENCE

Best Practice and Experience are concepts that have become very important on the knowledge domain. A horizontal knowledge where people learn from each other experiences is a methodology proactive and more encouraging to the learning society.

The SME 02/2006 APEC project wanted to be a respond to this new paradigm of practical knowledge. However, although it was a very good initiative, it was not success at all.

The APEC project demanded a great deal of additional work for those who wanted to contribute with it. To publish a best practice or an experience meant to look for one, understand its procedure, develop an understandable essay and publishes it. And unfortunately not a lot of people have the time and dedication to do so, specially considering that this job was out of their regular duties.

We are convinced that, as every new idea, the concept and the benefits of sharing best practices or experiences takes time to strike in people's mind. However, once it happens, the advantages of it will benefit the all APEC –SME community.

It seems important to remark that it was not a lack of best practices or experiences among our APEC/SME economies what discourage them to participate. A good example of that, were the five presentations made by Indonesia, Peru, China Taipei, Singapore and Chile during the APEC Pro- Chile Seminar. This Seminar "Best Practices for SME Internationalization" was held in Santiago Chile on July 24th – 26th and its outcomes were reported in the 25th Meeting of APEC/ SMEWG last August 2007, in Bali–Indonesia.

To summarise best practices or experiences meeting the format required by the project website and a lack of enthusiasm and guide were the main reason of the bad results of the project.

We should look for different ways to interchange and validate Best Practices for SME.

We call the economies to understand and apply the concepts of Best Practices or Experiences and most especially to take advantages of them. It will take time and probably a lot of effort, but together we could build an important Knowledge Community.

Finally, although we have not the experience of an Internship, we understand that it is a necessary complement to the Knowledge Community. An Internship can be used as a tool to know on the field the selected experiences or best practices.