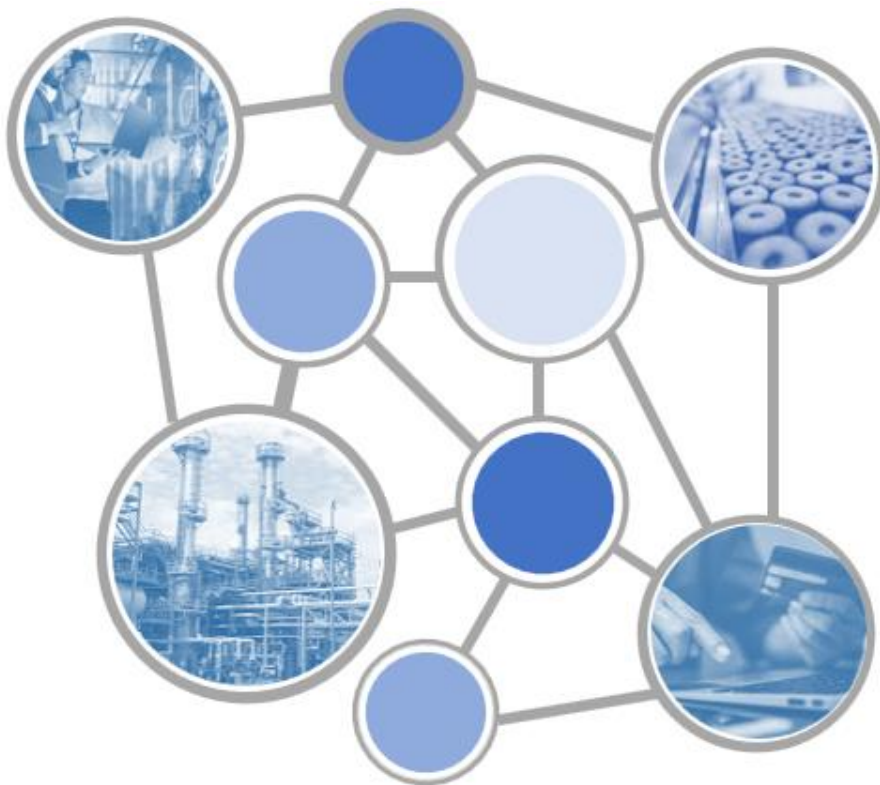




**STUDY ON THE BUSINESS SUPPORT NETWORK FOR  
IMPROVING COMPETITIVENESS OF SMEs IN OIC COUNTRIES  
“COMp-NET”**



**February 2024**



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## List of Acronyms

AATB	Arab Africa Trade Bridges Program
ACCMSME	ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AfTIAS	Aid for Trade Initiative for the Arab States
AMS	ASEAN Member States
APINDO	Employers' Association of Indonesia
APTMA	All Pakistan Textile Mills Association
ASEAN	Association of Southeast Asian Nations
ASPI	ASEAN SME Policy Index
B2B	Business-to-Business
BCCs	Business Cooperation Centers
BEP	Business Export Program
CCIs	Chamber of Commerce
CDA	Cluster Development Agents
CND	Cluster and Networking Development
COMCEC	Standing Committee for Economic and Commercial Cooperation of the Organization of Islamic Cooperation
COMp-NET	Business Support Network for Improving Competitiveness of SMEs in OIC countries
Confindustria	General Confederation of Italian Industry
COSME	EU Program for the Competitiveness of Enterprises and SMEs
DCCI	Dhaka Chamber of Commerce and Industry
ECAs	Export Credit Agencies
EEN	Enterprise Europe Network
EMPRETEC	Entrepreneurship Global Network
ERIA	Economic Research Institute for East Asia and ASEAN
ESG	Enterprise Singapore
EU	European Union
EU	European Union
FIFARGANE	Value Chain Argan Federation
FPCCI	Federation of Pakistan Chambers of Commerce and Industry
FTAs	Free Trade Agreements
GdL	Network Experts Working Group
GDP	Gross Domestic Product
GEB	Bumiputera Export Promotion Program
GIZ	German Development Cooperation
GLOSMEP	Glocal Linkages SME Program
GLP	Good Laboratory Practice
GSBN	Global Small Business Network
GSBN	Global Small Business Network



GVCs	Global Value Chains
IADB	Inter-American Development Bank
IAI	Initiative for ASEAN Integration
ICCIA	Islamic Chamber of Commerce, Industry and Agriculture
ICD	Islamic Corporation for the Development of the Private Sector
ICDT	Islamic Center for the Development of Trade
ICIEC	Islamic Corporation for Insurance of Investments and Export Credits
ICTD	Islamic Centre for Development of Trade
IPR	Intellectual Property Rights
IsDB	Islamic Development Bank
IsDBI	Islamic Development Bank Institute
ISFD	Islamic Solidarity Fund for Development
ITFC	International Islamic Trade Finance Corporation
IWAPI	Indonesia Business Women Association
KADIN	Indonesian Chamber of Commerce and Industry
KOICA	Korea International Cooperation Agency
KOSGEB	Small and Medium-Sized Enterprises Development Agency of Türkiye
LPI	Logistic Performance Index
MCCI	Metropolitan Chamber of Commerce and Industry
MDBs	Multilateral Development Banks
MECD	Ministry of Entrepreneur and Cooperatives Development
MEs	Micro Enterprises
MIF	Multilateral Investment Fund
MITI	Ministry of International Trade and Industry
MNEs	Multinational Enterprises
MSMEs	Micro, Small, and Medium Enterprises
NASCIB	National Association of Small and Cottage Industries of Bangladesh
NCCI	National Chamber of Commerce and Industry
NESDC	National Entrepreneur and SME Development Council
NICs	National Incubation Centers
NSDC	National SME Development Council
NTBFs	New Technology-Based Firms
OBIC	OIC Business Intelligence Center
OECD	Organization for Economic Co-operation and Development
OIC	Organization of Islamic Cooperation
OSMEP	Office of SMEs Promotion
P@SHA	Pakistan Software Houses Association
PAMPAT	Program for Market Access of Typical Agri-food and Terroir Products
PGI	Protected Geographical Indications
R&D	Research and Development
SAC	Singapore Accreditation Council
SBA	Small Business Administration
SBDC	U.S. Small Business Development Center

SBF	Singapore Business Federation
SDGs	Sustainable Development Goals
SERVE	Strengthening Economic Resilience of Vulnerable Enterprises
SME Corp.	SME Corporation Malaysia
SMEs	Small and Medium Enterprises
SMIDEC	Small and Medium Industries Development Corporation
TACs	Trade Associations and Chambers
TOBB	Union of Chambers and Commodity Exchanges of Turkey
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WTO	World Trade Organization
WWF	World WAQF Foundation

## **Executive Summary**

Small and Medium Enterprises (SMEs) play a crucial role in fostering inclusive economic growth worldwide, especially amidst the evolving global economic landscape marked by heightened international competition. To ensure competitiveness, SMEs must actively engage in the process of internationalization.

Recognizing these challenges and opportunities, the Organization of Islamic Cooperation (OIC) has prioritized SME internationalization for several years, implementing practical measures to support SME competitiveness in global markets. The main goal of the current project is to enhance SME competitiveness in participating countries through the establishment of an SME network (COMp-NET), aligning with both global and local priorities. Additionally, the project seeks to promote collaboration among participating countries' SME agencies at the institutional level, marking the project's initial phase.

While a universally applicable SME definition is lacking, OIC countries have developed specific definitions tailored to their economic contexts, considering factors like workforce size, annual turnover, and sector-specific criteria. This has led to varying thresholds among member countries, reflecting differences in economic development, priorities, and commitment to entrepreneurship. Notably, the absence of a standardized data collection mechanism impedes precise cross-country and temporal comparisons of SME contributions within OIC member countries.

One notable gap is the absence of an international platform dedicated to enhancing SME competitiveness within OIC countries. Such a platform could facilitate a conducive business-networking environment that addresses both local SME priorities and global aspirations, fostering collaboration not only among OIC member countries but also with non-member countries, thereby amplifying the impact of initiatives aimed at bolstering SME competitiveness globally.

Business networks offer several advantages to firms, including growth, risk-sharing, adaptability, knowledge exchange, and resilience in navigating complex business environments. The recommended approach for initiating COMp-NET involves comprehensive planning coupled with flexibility to respond to emerging challenges. This includes assessing the current business environment, identifying potential partners, formulating vision and strategies, and planning organizational structure and financial models.

Key stakeholders in COMp-NET include SME agencies, export-ready SMEs, financial institutions, relevant ministries, domestic businesses, and trade-related NGOs. Prerequisites for participation include trust among network entities, voluntary engagement, distinct benefits for each entity, and a focus on enhancing regional or entrepreneurial strengths. The organizational structure comprises an Executive Board, Executive Management Board, and Day-to-Day Management team, reflecting a commitment to collaboration, representation, and effective execution.

# **1 Introduction**

## **1.1 Background of the Project**

Small and Medium Enterprises (SMEs) play a crucial role in fostering inclusive growth and development within economies. The recent surge in global economic dynamics has compelled regions and firms worldwide to engage in international competition. This evolving landscape necessitates the active participation of SMEs in the internationalization process to stay competitive.

On the one hand, SMEs face challenges rooted in their compact size, encompassing limited resources, inadequate economies of scale, high transaction costs, and heightened competition from large corporations. These hurdles also include constrained access to skilled labor, markets, information, and technology, as well as insufficient networks for global exposure. Additionally, SMEs struggle with increased market competition and concentration, hindering their ability to match R&D spending and innovation of larger counterparts. Factors such as turnover, instability, and a lack of entrepreneurial prowess contribute to the complexity of SME challenges.

On the other hand, despite facing intense global competition, SMEs possess the agility to swiftly adapt to globalization and internationalization, owing to their streamlined structures, flexibility in responding to market changes, and rapid adjustment to evolving customer needs and technologies. SMEs often navigate the internationalization process more swiftly than larger enterprises, capitalizing on their flexible structures to attract foreign direct investment and integrate into global supply chains, particularly in the domains of imports and exports.

The Organization of Islamic Cooperation (OIC), fully aware of these challenges and opportunities, has prioritized SME internationalization at the forefront of its agenda for several years. It has proactively initiated concrete steps to foster an environment conducive to enhancing the competitiveness of SMEs in global markets.

In the meantime, Small and Medium-Sized Enterprises Development Agency of Türkiye (KOSGEB) and the Standing Committee for Economic and Commercial Cooperation of the OIC (COMCEC) Secretariat have forged a close collaboration to advance the interests of SMEs in OIC member states. A mutual understanding has been reached to jointly advocate for an SME support platform, aiming to establish a network facilitating assistance to SMEs in member countries. The primary objective of this initiative is to lay the groundwork for an SME Cooperation platform dedicated to supporting the internationalization endeavors of SMEs.

IsDB's Realigned Strategy for 2023-2025 prioritizes support to SMEs for job generation and developing entrepreneurial skills under the Strategy's second pillar, focusing on inclusive human capital development. The Bank's Regional Cooperation and Integration (RCI) Policy also prioritizes SMEs under the Policy's third pillar on mainstreaming trade and Islamic Finance to promote cross-border development.

ICDT developed more than 2 decades a program on OIC SMEs Internationalization (report, capacity building program including web marketing, webinars, fairs and exhibitions, Women

Owned businesses and cooperatives and online trade and investment information) in order to ease their access to international markets.

In light of its achievements<sup>1</sup>, KOSGEB introduced a conceptual project to establish an SME Cooperation Network named "BUSINESS SUPPORT NETWORK FOR IMPROVING COMPETITIVENESS OF SMEs IN OIC COUNTRIES," abbreviated as "COMp-NET."

## 1.2 Project Objectives and Phases

The primary objective of the project is to enhance the competitiveness of SMEs in participant countries by creating an SME network environment that aligns with both global and local priorities. Additionally, the project seeks to elevate cooperation at the institutional level among SME agencies of the participating countries.

The **first phase** of the project starts with conducting a thorough feasibility study to identify the essential components and foundations required for a robust SME network. Furthermore, the project plans to organize a workshop with a number of pilot countries to engage in discussions regarding the necessity and feasibility of establishing such a network. These initiatives are designed to foster knowledge sharing and lay the groundwork for future collaboration.

Upon the successful completion of the initial phase, the project envisions proposing a successive **second phase** with specific outcomes. These outcomes include the establishment of the business network, COMp-NET, which will connect business organizations dedicated to SMEs in each participating country. Additionally, the project aims to facilitate the sharing of knowledge on cluster initiatives within the COMp-NET framework. Furthermore, the focus will extend to entrepreneurship through the platform provided by COMp-NET.

This report is written in the partial fulfillment of the first phase of the project.

## 1.3 The First Phase Activities

The initial phase encompasses the execution of the following two activities:

**Feasibility Study:** This involves an examination of economic, technical aspects, including sources and limitations. The study provides assessments and suggestions regarding the necessity of forming such a network, identification of associated risks and opportunities, an analysis of current ecosystems within member countries pertaining to SMEs, support schemes, institutional structures, and business support networks. It also entails a review of best practices

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<sup>1</sup> The national coordination mission of KOSGEB has positioned it as a noteworthy contributor to these EU Programs. Notably, KOSGEB achieved substantial participation in COSME (the program of the EU for the Competitiveness of Enterprises and SMEs, ranking fifth in the number of funded projects and eighth in allocated funds among 36 COSME countries. Since 1999, the Agency has efficiently managed the Turkish segment of the Enterprise Europe Network (EEN), a vast network serving SMEs. Its success in coordinating the Turkish EEN network has undoubtedly played an important role in its elevated rankings.

and gather information on analogous business support networks. Additionally, the study proposes pilot countries for consideration during the subsequent workshop.

**Workshop:** Organizing a workshop based on the findings and recommendations of the feasibility study. The selected pilot countries convene to engage in discussions and reach decisions regarding the establishment of an SME network for the OIC countries. The workshop is expected to generate crucial minutes and summary documents.

As the second phase emerges, these meticulously compiled documents are poised to be more than archival records; they are dynamic components that will inform the project's next steps. The feasibility study and workshop outcomes collectively represent a reservoir of knowledge, analysis, and collective wisdom. Armed with these insights, the project is primed to advance into its subsequent phase with a robust foundation, ensuring a strategic and purposeful progression toward the overarching goals of establishing a resilient SME cooperation network in the OIC member states.

## **1.4 Key Partners of the Study**

This study is supported by The Islamic Development Bank (IsDB) Cooperation and Capacity Development (CCD) Department and the Islamic Centre for Development of Trade (ICDT Subsidiary Organ of OIC) in collaboration with KOSGEB.

### **1.4.1 IsDB**

IsDB is a multilateral development bank founded in 1975. Its primary mission is to facilitate socio-economic development in its 57 Member Countries, as well as Muslim communities residing in Non-Member Countries, even those impacted by conflict and natural disasters. In total, the IDB's initiatives positively impact approximately one-fifth of the world's population. There are 6 entities under IsDB group as follows:

- *Islamic Development Bank Institute (IsDBI)* was founded in 1981 with the primary objective of supporting the Bank in fulfilling its responsibilities pertaining to research and training, as stipulated in its Articles of Agreement.
- *Islamic Corporation for Insurance of Investments and Export Credits (ICIEC)* was established in 1994 with the aim of expanding trade transactions and investment activities within the member countries of the OIC. ICIEC provides a range of services to exporters, financial institutions, and investors, including (i) Export credit insurance, which mitigates the risk of non-payment associated with cross-border trade and trade finance transactions; (ii) Investment insurance, designed to address country risk in foreign investments made within member countries of the OIC; (iii) Reinsurance of operations covered by Export Credit Agencies (ECAs) within member countries, offering an additional layer of risk protection for relevant activities.
- *Islamic Corporation for the Development of the Private Sector (ICD)* was founded in 1999 with the primary objectives of identifying investment prospects within the private

sector of member countries to stimulate economic growth. It seeks to offer a diverse array of Shariah-compliant financial products and services, while also facilitating private companies in member countries to access Islamic capital markets. ICD is a partner of the Arab Africa Trade Bridges Program (AATB) which is a pioneering initiative aimed at nurturing regional trade and investment promotion between Arab and African nations.

- *The International Islamic Trade Finance Corporation (ITFC)*, established in 2005, is dedicated to promoting trade among member countries of the Islamic Development Bank. ITFC accomplishes its mission by providing trade finance and engaging in activities that facilitate both intra-trade and international trade. This involves designing and implementing trade solutions, including trade financing, resource allocation, capacity development, and knowledge enhancement. ITFC offers Shariah-compliant trade finance services to both public and private sector entities within Member Countries, with a specific focus on intra-OIC trade transactions, spanning the entire trade cycle and value chain. Notable initiatives of ITFC include the Arab Africa Trade Bridges Program, the Aid for Trade Initiative for the Arab States (AfTIAS) Program, the West Africa SMEs program, and the Export Launchpad Program, all of which contribute to advancing trade and economic development within member countries.
- *The World WAQF Foundation (WWF)* was established by the Islamic Development Bank (IDB) in 2001 to address the need for a global institution dedicated to Waqf. This endeavor involves collaboration with Waqf organizations, governments, non-governmental organizations (NGOs), and philanthropic entities from the private sector.
- *The Islamic Solidarity Fund for Development (ISFD)* was founded in 2007 as a dedicated endowment fund (Waqf) with the core mission of mitigating poverty within member countries of the OIC. One of its significant programs is the "Strengthening Economic Resilience of Vulnerable Enterprises (SERVE)," which is aimed at enhancing the resilience of vulnerable Micro, Small, and Medium Enterprises (MSMEs) by providing them with the necessary financial support to ensure the continuity of their businesses and the preservation of jobs. Another important initiative under ISFD is the "Microfinance Support Program," which seeks to strengthen and enrich the traditional microfinance sector by promoting Islamic Microfinance products and services. This is done in direct response to the needs of economically disadvantaged individuals and communities.

#### **1.4.2 ICDT**

The Islamic Center for the Development of Trade, a subsidiary organization of OIC, was established in 1983. Its primary objective is to foster interactions among entrepreneurs and business professionals from OIC Member States. It achieves this by facilitating their engagement and organizing various events such as fairs, exhibitions, business-to-business (B2B) meetings, symposia, and training seminars. Additionally, ICDT manages the Trade and Investment Programs for Islamic Countries ([www.icdt-cidc.org](http://www.icdt-cidc.org)), which serves to facilitate connections among OIC SMEs.

ICDT has significantly enhanced its information research and knowledge construction capabilities to cater to the needs of investors and business leaders. Its primary aim is to provide guidance and a better understanding of the various regulatory and transformational aspects within the economies of OIC Member States, along with addressing issues related to competitiveness.

In its ongoing commitment to facilitate business intelligence and bridge the gap in reviewing opportunities for OIC member countries, ICDT has introduced an interactive dashboard tailored to the stakeholders of the OIC halal economy. Another valuable initiative is the OIC Trade Portal, which serves as a centralized hub for comprehensive information on market access, trade procedures, and country-specific partner contacts across 57 nations. Exporters, importers, investors, and trade support institutions can utilize this portal to explore business opportunities and product-specific market requirements.

ICDT has launched several programs aimed at enhancing trade within the region:

- The Trade Facilitation Program addresses concerns of Member States regarding the instability of international markets and rising transport and logistics costs. Its objective is to reduce trade barriers by implementing technical assistance projects with a direct impact on trade among Member States. These activities include supporting the implementation of the Trade Facilitation Agreement of the World Trade Organization (WTO) and negotiations of other WTO Agreements. Additionally, the program focuses on digitalization techniques to resolve transport and transit challenges among Member States.
- The Trade and Investment Promotion Program encompasses activities such as organizing institutional fairs, specialized exhibitions, investment forums, and business missions to promote trade and investment.
- The Institutional and SMEs Capacity Building Program involves providing training to both public officials responsible for trade promotion and the entrepreneurial sector of OIC Member States. The training covers international trade practices and modern business management methods, ultimately improving their performance in international markets. This program is structured around three essential themes to ensure SMEs' business growth.
- The Business Intelligence, Reports, and Studies Program is centered on implementing modern communication and analysis tools to comprehend the international business environment. It includes the launch of specialized dashboards and the development of studies on intra-OIC trade and investments. These efforts fall within the framework of providing support to OIC Member States in the areas of trade, tourism, transport, agriculture, and labor.

### **1.4.3 KOSGEB**

KOSGEB, established in 1990, has a primary mission to enhance the role of SMEs and entrepreneurs in economic and social development, ultimately fostering innovation,



technological advancement, and competitiveness. To achieve this, KOSGEB offers a range of support services, which can be categorized as follows:

1. Entrepreneurship Supports:
  - Business Plan Support Program
  - Entrepreneurship Training
  - Traditional Entrepreneur Support Program
  - Advanced Entrepreneur Support Program
2. R&D, Technology, and Local Production Supports:
  - Research & Development, Product Development, and Innovation Support Program
  - SME Technological Product Investment Support Program
  - Strategic Product Support Program
3. Enterprise Development, Growth, and Internationalization Supports:
  - International Market Support Program
  - SME Development Support Program
  - KOBIGEL – SME Development Support Program
  - Cooperation Support Program
  - International Accelerator Support Program
4. SME Finance Supports:
  - Providing loan interest support to SMEs with the aim of boosting production, quality, and standards, addressing financial challenges, creating employment opportunities, and enhancing SMEs' competitiveness. This also includes support for the Vegetables and Fruits Cold Chain Leasing.
5. İŞGEM / TEKMER Programmes:
  - Focused on supporting the establishment and operational costs of incubators that provide incubation services to priority enterprises in national plans and programs. These programs encourage cooperation among various stakeholders within the entrepreneurship ecosystem.

KOSGEB's multifaceted support programs play a vital role in empowering SMEs and entrepreneurs, thereby contributing to economic growth, technological advancement, and international competitiveness.

## **1.5 The Plan of Study**

This report encompasses a multifaceted analysis of the economies within the OIC.

Chapter 2 presents a detailed literature survey on business networking and its relevance to the current challenges faced by developing countries.

Following this, Chapter 3 leverages secondary data sources to delve into the key economic indicators and trade performance of OIC countries.

Chapter 4 outlines the institutional framework regarding SMEs, exploring their contribution to respective economies.

Chapter 5 proposes an SME platform, highlighting successful business networks worldwide and within the OIC, followed by a comprehensive discussion of strengths, needs, challenges, and opportunities associated with building such networks. The section concludes with the business model and action plan for the proposed network.

Chapter 6 outlines the selection criteria for pilot countries and presents the results of the pilot selection analysis.

The report concludes with the strategic design of a workshop aimed at facilitating communication among the selected pilot countries. The focus of the workshop is planned to be on determining the practical steps required to transform the proposed business network into a reality.

## **2 Literature on SME Network Building**

With the help of the relevant literature, this section opens by underscoring the significance of fostering competitive SMEs from a developmental perspective. Then it continues to offer a ample overview of the evolutionary trajectory of business networks, examining in particular the foundational aspects of SME networking. Finally, the vital need for the clustering and networking of SMEs is exposed, especially in the context of today's interconnected and globalized world.

### **2.1 Competitive SMEs as a Developmental Priority**

The literature extensively acknowledges the pivotal role of SMEs in the economic development of nations, as emphasized by various researchers (Chung et al., 2008; Liu et al., 2008; Okpara, 2009). SMEs contribute significantly to economic growth and job creation in both developing and developed countries, as highlighted by Lyon et al. (2000) and Robu (2013). Scholars recognize that supporting these enterprises is a fundamental strategy for the national development and competitiveness of developing countries, as noted by Kazem and van der Heijden (2006) and Mourougane (2012).

The acknowledgment of SMEs' importance stems from their central role in terms of the number of enterprises, job creation, output growth, export growth, participation in global trade relations, poverty alleviation, economic empowerment, and broader wealth distribution. New ventures and young enterprises, typically small or micro in size, serve as the primary source of net job creation in nearly all countries and act as the "locomotive for innovation and sustainability" in the private sector.

According to the World Bank, globally, SMEs account for about 90 percent of all firms and more than 50 percent of all jobs.<sup>2</sup> Formal SMEs constitute approximately 40 percent of national income (GDP) in developing countries, and these figures increase substantially when informal SMEs are considered. Developing countries are home to approximately 365-445 million Micro, Small, and Medium Enterprises (MSMEs), with 25-30 million being formal SMEs, 55-70 million formal Micro Enterprises (MEs), and 285-345 million being informal enterprises. Given the growing global workforce, with around 600 million jobs needed by 2030, SME development is a top priority for many governments worldwide, particularly in emerging economies, where 7 out of 10 formal jobs are created by SMEs.

The United Nations classifies SMEs as key players in achieving the 17 Sustainable Development Goals (SDGs). The UN emphasizes the role of MSMEs in economic activity, employment and income generation, especially for marginalized groups, as service providers (e.g., in education,

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<sup>2</sup> <https://www.worldbank.org/en/topic/smefinance>

health, water distribution, and sanitation), and as energy consumers/polluters with an environmental footprint.

While the SDG targets are ambitious, they necessitate a revolutionary shift in both public and private activities. This revolution entails the adoption of new business models, the introduction of innovative technologies, and a paradigm shift in business practices, opening new opportunities for the private sector in general and MSMEs in particular. According to the United Nations Department of Economic and Social Affairs (UN DESA, 2020), the adoption of "sustainable business models" has the potential to unlock economic opportunities worth \$12 trillion and create 380 million jobs by 2030., with more than 50 percent located in developing countries.<sup>3</sup>

## **2.2 SMEs as an Integral Part of National Development Policy**

The rationale for governmental involvement in supporting SMEs can be attributed to two primary motivations. Firstly, there is a belief that aiding SMEs contributes to the amelioration of income distribution. However, it is noteworthy that the literature lacks unanimity on whether a substantial presence of SMEs necessarily mitigates poverty or diminishes income inequality. The second motivation stems from the perspective that certain SMEs are disproportionately impacted by market failures, thereby warranting intervention from the public sector, as outlined by the WTO (2016).

According to the World Bank (2020), the internationalization of businesses, especially SMEs, yields profound developmental benefits, including enhanced economic growth of superior quality, improved employment opportunities, poverty reduction, and heightened prosperity.

Firstly, the establishment of hyper-specialization and enduring relationships among firms fosters efficient production and the dissemination of technology. It also facilitates access to essential capital and better-suited inputs throughout supply chains, leading to heightened productivity and income growth.

Secondly, the extent and manner in which countries engage in SME internationalization significantly impact development. Countries undergo substantial growth phases when their SMEs transition from extractive to manufacturing industries, particularly in their involvement in the Global Value Chains (GVCs).

Thirdly, SME internationalization, through economies of scale derived from heightened productivity and expanded output, results in the creation of more productive jobs. This, in turn, elevates income levels and the quality of employment, thereby correlating with a reduction in poverty rates.

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<sup>3</sup> See UN DESA (2020) for detailed information.

## 2.3 Evolution of the Business Network Concept

The concept of enterprises establishing proximity with affiliated entities, even those in direct competition, is not a recent development, having historical roots traceable to ancient Athens. This practice was evident in the city's central agora, where merchants specializing in diverse goods such as fruits, fish, spices, perfumes, and jewelry congregated in adjacent sections. The practice of collaborative clustering, far from being limited to antiquity, finds contemporary manifestations in specific regions of Germany. Notable illustrations encompass Nuremberg, celebrated for its prowess in pencil manufacturing, and Solingen, acknowledged for its specialization in the production of high-quality specialty steels (GIZ, 2021).

In the late 19<sup>th</sup> century, Alfred Marshall articulated his observations regarding northern England during the same period. "When an industry has chosen a locality for itself it is likely to stay there long: so great are the advantages which people following the same skilled trade get from near neighborhood to one another [...] and presently subsidiary trade grows up in the neighborhood". According to Marshall (1890), significant advantages stemmed from the presence of a proficient workforce, the accessibility of intermediate goods, seamless communication for the exchange of new ideas, and the facilitation of discussions on enhancements.

Following this, Joseph Schumpeter (1934) introduced groundbreaking concepts, drawing attention to the "swarm like appearance of entrepreneurs" and "the clustering of industry".

More than 40 years later, the terminology "Third Italy," coined by Bagnasco (1977), delineated regions in northeastern and central Italy distinguished by the robust prevalence of small-scale enterprises grounded in craftsmanship. These businesses were organized in clusters within specialized industrial districts, forming a distinctive constellation. Around the same time, in 1979, Giacomo Becattini, drawing from his experiences with Italy's industrial districts, underscored the significance of spatial economic development and social connections. Becattini (1979) highlighted a dual perspective, emphasizing both a passive "embeddedness" and an active "sense of belonging" to a place that shares a collective vision.

Moving ahead to 1990, Michael Porter gained widespread recognition by popularizing the relevance of clusters as a framework for economic development. Porter (1990) introduced the 'Diamond Model,' a comprehensive exploration of why certain firms and regions achieved notable success. His extensive research was based on observations in ten prominent trading nations, including Denmark, Germany, Italy, Japan, Korea, Singapore, Sweden, Switzerland, the UK, and the US.

Recently, the European Cluster Policy Group (2010) laid the foundation for the modern European Cluster Policy Approach. Central to this approach is the key role assigned to cluster organization and associated excellence. Additionally, it emphasized the significance of optimizing cluster development interventions by providing support for framework conditions.

## 2.4 Clusters and Networks: What is Similar and What is Not?

In recent decades, there has been a burgeoning interest in the examination of business clusters and networks across diverse academic disciplines, such as entrepreneurship and international business, as evidenced by the works of Bussman et al. (2013), Kirichenko (2017), Leick, and Grtzinger (2020), among others.

Business clusters, as defined by Porter (2000, p. 15), embody geographic concentrations of interconnected entities; including companies, specialized suppliers, service providers, and institutions, operating in related industries. The definition incorporates the regional embeddedness of clusters and a network dimension that entails both vertical and horizontal relationships among entities within or across industries and various private/public organizations. According to this perspective, the geographical proximity within business clusters not only provides localization advantages for individual companies but also for the entire cluster, as explained by Malmberg and Maskell (2002).

While Porter's influence stems from strategic and technology management research of the 1990s, emphasizing inter-firm competition and cooperation through technology, alternative research streams from organizational theory (Grandori and Soda, 1995) and marketing management (Håkansson and Ford, 2002; Håkansson and Snehota, 1989; Möller and Halinen, 1999) have contributed to the establishment of the business network approach.

Business networks, defined as reciprocal relationships between firms, provide individual and firm-level flexibility, cost advantages, and synergy based on the network, coupled with opportunities for resource bundling and risk sharing, according to Munier and Kern (2009) and Staber (1996). Unlike the concept of business clusters, a business network is not inherently localized, i.e., grounded in a specific location. Nevertheless, akin to business clusters, geographical proximity may stimulate interaction in business networks, exemplified through face-to-face contacts and repeated transactions involving key individuals aligned with firms in the business network. This, in turn, contributes to the locally available social capital within the network, as noted by Malmberg et al. (1996).

Research over the past decades has shed light on various aspects related to business clusters and networks. An area that warrants particular attention is knowledge sharing within these frameworks, a crucial element for understanding the preconditions, functioning, and outcomes of both business clusters and networks.

Inter-firm cooperation within business networks may or may not lead to knowledge sharing among participating entities. The willingness and ability to share knowledge depend on the strength of relationships, familiarity, trust, and the frequency of interaction. Therefore, knowledge sharing may emerge because of inter-firm cooperation and business networks.

Additionally, knowledge sharing serves as a critical prerequisite for elevating the level of cooperation and networking among entities. With more frequent and intense information

exchange between firms in business networks or clusters, collaboration levels rise. Consequently, knowledge sharing becomes a precondition for business networking and cooperation in business clusters.

Notably, within business clusters, geographical proximity may encourage knowledge sharing, but it could potentially lead to the entrenchment of the existing knowledge base due to overly close cooperation and a lack of external relationships for knowledge sharing, as posited by Bathelt et al. (2004).

Lastly, from a dynamic perspective, a blend of local and extra-local knowledge sources derived from firm relationships appears crucial for the development of business networks and clusters. Hamani and Simon (2020) underscore the significance of such a network environment for a firm to innovate thoroughly, especially in the current rapidly changing and uncertain global business landscape.

## 2.5 Taxonomy of Business Networks

A **vertical business** network refers to a collaborative structure where companies from different stages of the supply chain or value chain come together to form alliances and partnerships. In a vertical network, businesses involved are interconnected in a way that reflects the various stages of production or distribution of a product or service.

For example, in a manufacturing vertical network, there are suppliers of raw materials, manufacturers, distributors, and retailers all collaborating within the network. This type of network allows for closer coordination and collaboration between entities at different levels of the supply chain.

The main idea is that businesses in a vertical network are linked by their position in the production or distribution process, and they work together to enhance efficiency, share resources, and capitalize on each other's strengths. This collaborative approach can lead to benefits such as improved supply chain management, faster response to market changes, and increased overall competitiveness.

A **horizontal business network** refers to a collaborative arrangement where companies that operate at similar levels of the supply chain or value chain, and often within the same industry or sector, form alliances and partnerships. Unlike a vertical business network, where companies are involved in different stages of the production or distribution process, a horizontal network involves businesses that provide similar or complementary products or services.

In a horizontal business network, companies may collaborate to achieve common goals, such as sharing resources, accessing new markets, or improving their competitive position. These networks often involve firms that are peers in the industry, such as competitors or companies with similar functions.

For example, in the technology sector, companies specializing in different aspects like software development, hardware manufacturing, and IT services might form a horizontal business network to collaborate on projects, share expertise, or create joint ventures.

The key idea is that companies within a horizontal business network share common interests or challenges within their industry or sector, and they collaborate to address these issues collectively. This collaboration can lead to synergies, increased innovation, and improved competitiveness for the businesses involved.

Despite these advantages, establishing vertical or horizontal business networks poses certain challenges. Individual enterprises often hesitate to bear joint initiative costs, such as coordination and achieving consensus among diverse and sometimes competing partners. This reluctance, coupled with concerns about opportunistic behavior, impedes cooperative initiatives. Brokers, however, play a vital role in assisting entrepreneurs by reducing costs and initiating joint efforts, following steps similar to those outlined for cluster development.

Brokers are intermediary agents or system integrators and can be public sector agencies like local SME development agencies, associations, or NGOs, depending on the country. In UNIDO projects<sup>4</sup>, local consultants are often engaged during the initial phase to foster cluster or network development. These consultants train local institutions to assume the brokering function for sustainability. The gradual transfer of knowledge and responsibility has been an ongoing process, emphasizing the importance of meticulous planning from the outset for a seamless continuation of activities.

Among the steps taken by brokers are promotional and motivational activities for potential network partners, assistance in strategic planning, implementation of pilot projects to foster trust, engagement in longer-term projects, and achieving self-management.

In conclusion, both vertical and horizontal business networks play crucial roles in fostering collaboration and enhancing competitiveness within industries. On the one hand, vertical networks facilitate coordination and efficiency across different stages of the supply chain, allowing businesses to capitalize on shared resources and strengths. On the other hand, horizontal networks bring together companies with similar interests or challenges, promoting innovation and collective problem-solving. Despite the numerous advantages, establishing such networks presents challenges, including the reluctance of individual enterprises to bear joint initiative costs. Brokers emerge as key facilitators in overcoming these challenges, serving as intermediary agents or system integrators. Through steps such as promotional activities, strategic planning assistance, and the implementation of pilot projects, brokers play a vital role in initiating and sustaining collaborative efforts.

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<sup>4</sup> See UNIDO (2001) for more information and examples of best practices.



## 2.6 Connecting the Dots

Against this backdrop, it is obvious that business networking is more crucial than ever for SMEs. The interconnected nature of the global economy presents both challenges and opportunities for these enterprises, making networking an essential strategy for their success.

- Access to Resources and Opportunities:
  - *Global Market Reach:* Business networking opens doors to global markets. SMEs can connect with potential clients, partners, and suppliers worldwide, expanding their reach beyond local boundaries.
  - *Capital and Funding:* Networking provides access to financial resources, including investors, venture capitalists, and financial institutions interested in supporting innovative SMEs with growth potential.
- Knowledge Sharing and Innovation:
  - *Learning from Diverse Perspectives:* Networking exposes SMEs to diverse perspectives and innovative ideas. Interacting with businesses from different industries and regions fosters creativity and the exchange of valuable insights.
  - *Adaptation to Technological Changes:* In a rapidly evolving technological landscape, networking helps SMEs stay informed about the latest trends and advancements. Collaborative efforts can lead to the adoption of new technologies, enhancing competitiveness.
- Risk Mitigation and Resilience:
  - *Collaborative Risk Management:* By being part of a network, SMEs can share information about potential risks and challenges. This collaborative approach helps in developing strategies to mitigate risks and build resilience.
  - *Access to Best Practices:* Networking provides opportunities to learn from the successes and failures of others. SMEs can adopt best practices observed in their network, avoiding common pitfalls.
- Global Supply Chains and Partnerships:
  - *Supply Chain Efficiency:* Networking facilitates the creation of strategic partnerships along the supply chain. This results in more efficient and cost-effective operations, especially for SMEs involved in international trade.
  - *Joint Ventures and Collaborations:* Collaborative ventures with other businesses in the network enable SMEs to pool resources, share expertise, and jointly pursue opportunities that may be beyond their individual capacities.

- *Policy Advocacy and Government Support:*
  - *Collective Advocacy:* Business networks often engage in collective advocacy for policies that benefit SMEs. Through a unified voice, SMEs can address common concerns and advocate for supportive regulatory environments.
  - *Access to Government Programs:* Networking enhances SMEs' visibility, increasing their chances of accessing government programs including capacity building, incentives, and support aimed at fostering economic development and entrepreneurship.
- *Adaptation to Global Trends:*
  - *Market Intelligence:* Being part of a network provides SMEs with valuable market intelligence. This is crucial for staying abreast of global trends, consumer preferences, and changes in the competitive landscape.
  - *Cultural Understanding:* Networking with businesses from different cultures enhances cross-cultural understanding. This is vital for SMEs looking to enter international markets, ensuring they navigate diverse business environments successfully.

In essence, business networking for SMEs in today's globalized world is a strategic imperative. It not only addresses the challenges posed by globalization but also unlocks a myriad of opportunities for growth, innovation, and sustainability. Through effective networking, SMEs can navigate the complexities of the global market and position themselves for long-term success.

## **2.7 Conclusion**

Despite the advantages, the chapter acknowledges challenges in establishing these networks, highlighting the instrumental role of brokers in overcoming hurdles and fostering sustainable collaboration. The concluding remarks emphasize the current strategic imperative of business networking for SMEs in a globalized world, addressing challenges and unlocking opportunities for growth, innovation, and long-term sustainability.

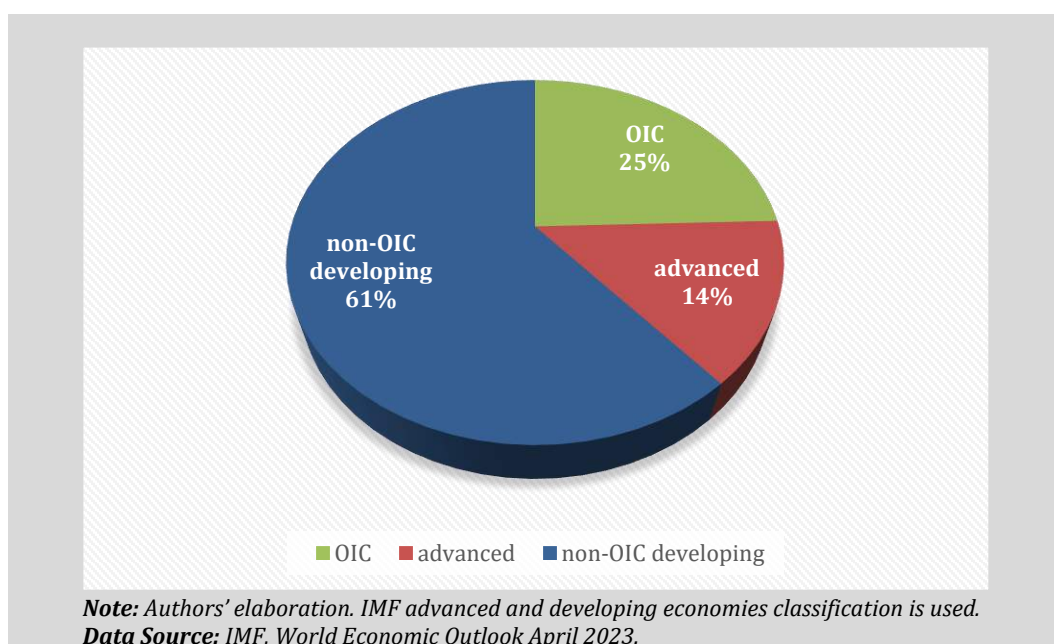
### 3 OIC Economies

The OIC consists of 57 Member States. This chapter focuses on the overall economy of the 54 member states, as the analyzes in this chapter exclude Afghanistan and Syria due to data limitations in international sources. A comparative analysis of the OIC region with advanced economies and developing countries outside the OIC is conducted. It also assesses the best country performance for some indicators. The first section of this chapter presents the main economic indicators of the OIC region, while the second section presents international trade performance. Data for all countries for the variables used in this chapter are provided in Appendix.

#### 3.1 Main Economic Indicators in the OIC Region

The total population of OIC countries is more than 1.9 billion people, or 25 percent of the world's population (Figure 3.1).

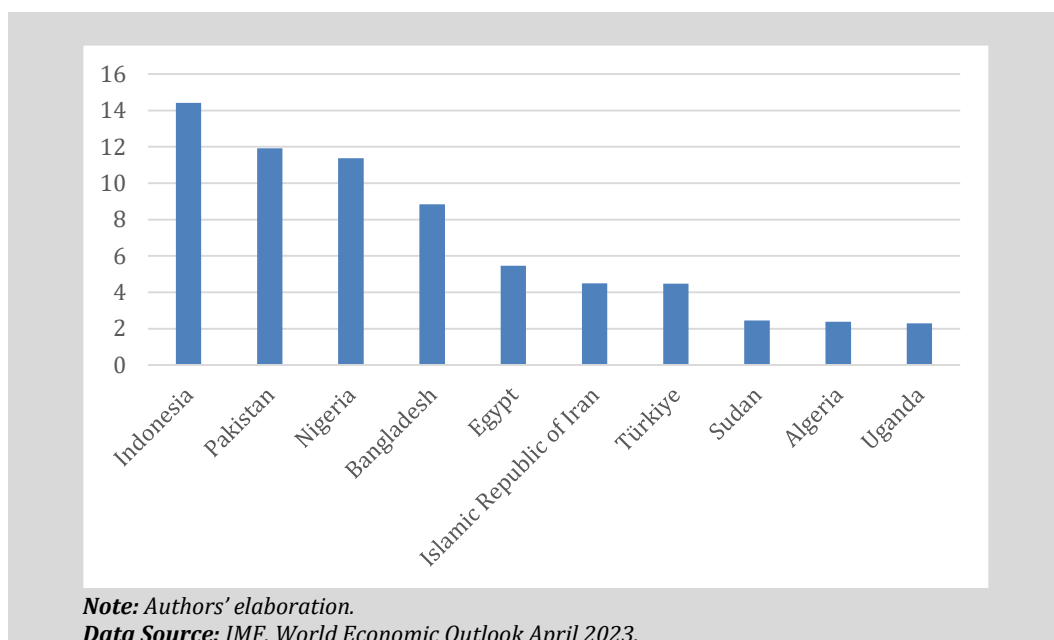
**Figure 3.1. Composition of World Population, 2022**



The most populous country in the OIC region is Indonesia, with a population of nearly 275 million and a 16.2 percent share of the OIC population. Indonesia is followed by Pakistan and Nigeria, each with a population of more than 200 million and a share of more than 11 percent of the OIC population (Figure 3.2). Bangladesh is the fourth most populous country with 166 million inhabitants and its share in the OIC population is 8.8 percent. In other words, the four most populous countries in the OIC region are the Asian countries. Egypt has 103 million inhabitants and ranks fifth on the list of the most populous OIC countries. In addition, Egypt is

the most populous country in the Middle East and North Africa region and the most populous Arab country in the OIC. These five countries account for more than 50 percent of the population of the OIC region. The sixth and seventh ranked countries are the Islamic Republic of Iran and Türkiye, with a population share of about 4.5 percent of the OIC population. The last three countries in the top ten list of the most populous countries in the OIC are Sudan, Algeria and Uganda, with a population of about 45 million.

**Figure 3.2. The Shares of 10 Largest Countries in the OIC Population, 2022**



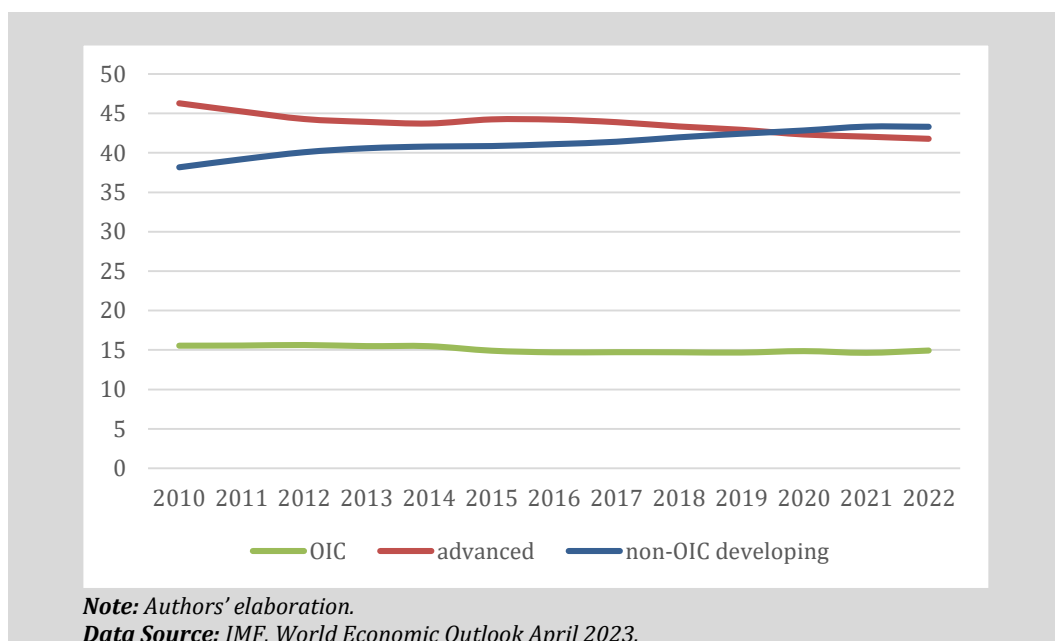
The share that the OIC region has in world GDP is small compared to its population. The OIC countries' share of world GDP is 15 percent (Figure 3.3). Looking at the figures for the period 2010-2022, it is observed that the share of OIC countries has not changed in 13 years. This stability does not apply to advanced and developing non-OIC countries. In fact, the share of non-OIC developing countries in global GDP increased from 38 percent in 2010 to 43 percent in 2022, while the share of advanced countries decreased.

Looking at the countries in the OIC region, Indonesia is not only the most populous country in the OIC region, but also has the largest GDP. Indonesia's GDP is more than 4,000 billion international dollars (PPP) and has a 16.5 percent share of OIC GDP (Figure 3.4). The second country with the highest share of OIC GDP is Türkiye with 13.7 percent. Türkiye's GDP in 2022 was approximately \$ 3,350 billion international dollars. Saudi Arabia, the world's second largest oil producer and the world's largest oil exporter<sup>5</sup> is the third largest country in the OIC by GDP, with a share of 8.8 percent. Egypt, Iran, and Pakistan have a similar share of GDP, which was

<sup>5</sup> <https://www.eia.gov/international/overview/world?view=production>

about 6-7 percent in 2022. All other countries in the region have a share of less than 6 percent at OIC GDP.

**Figure 3.3. Composition of World GDP, 2010-2022**



**Figure 3.4. The GDP Share of the 10 Largest Economies in the OIC Region, 2022**

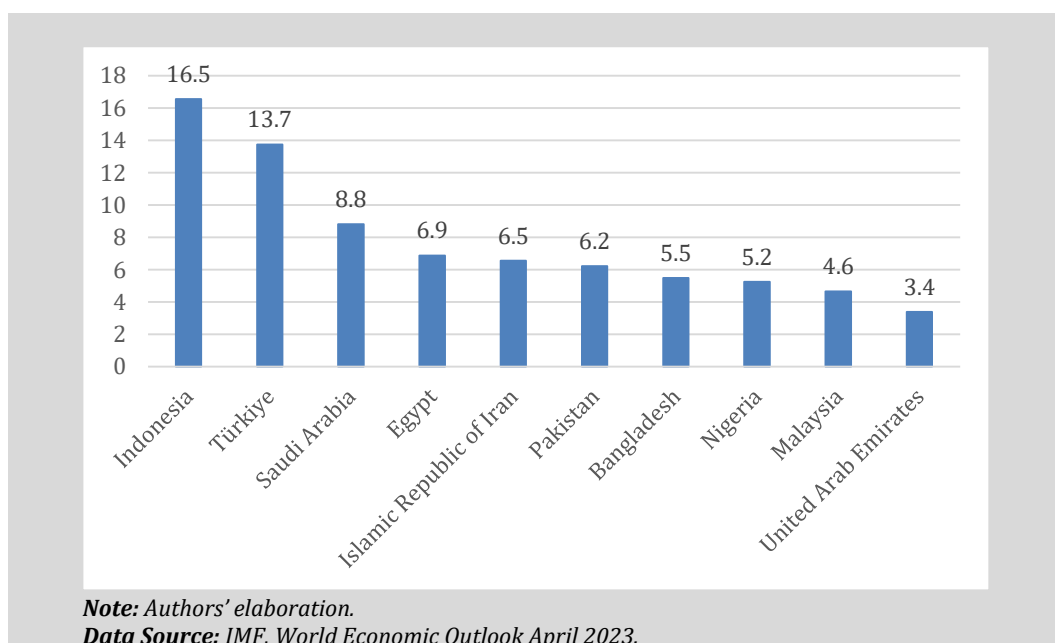
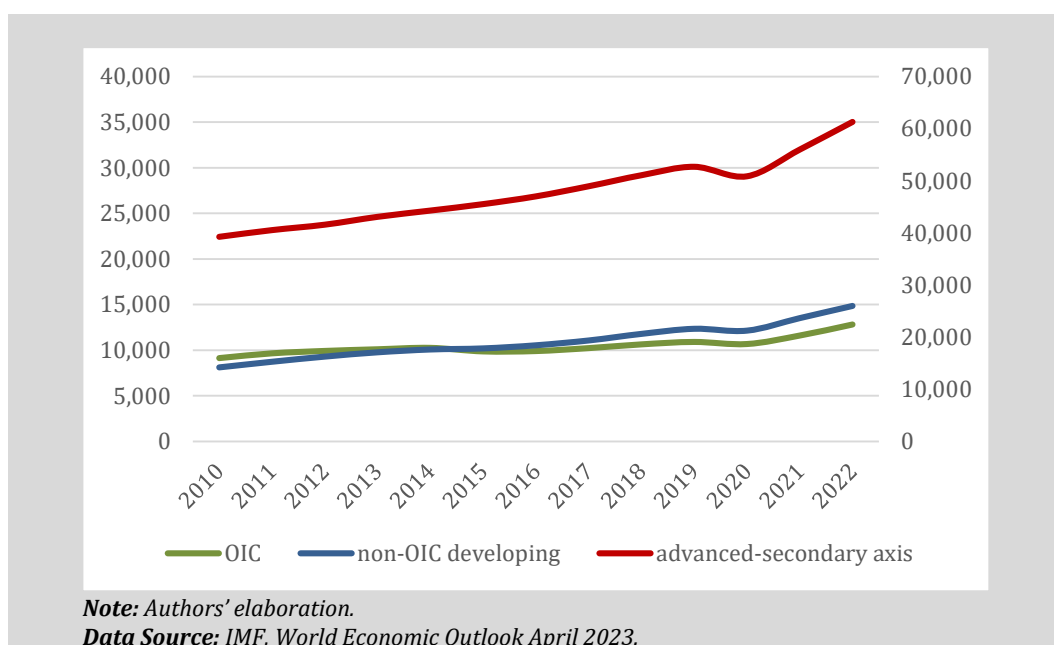


Figure 3.5 presents GDP per capita of advanced countries, OIC countries, and non-OIC developing countries in a comparative manner based on PPP-adjusted international dollars. GDP per capita is an important indicator used as a proxy for wealth in the economic literature. For all three country categories, GDP per capita increased between 2010 and 2022. Non-OIC developing countries achieved the highest average annual GDP per capita growth rate of 5.15 percent for the period 2010-2022, while advanced countries recorded an average annual GDP per capita growth rate of 3.8 percent for the same period. However, the annual GDP per capita growth rate of OIC economies remained at 2.9 percent on average between 2010 and 2022. The comparative GDP per capita figures show that the world’s prosperity has increased, but the prosperity of OIC economies has increased at a much slower pace. In other words, the standard of living of citizens in other regions of the world has, on average, improved more than that of citizens in the OIC region over the period 2010-2022.

**Figure 3.5. GDP per Capita, PPP, International Dollars, 2010-2022**

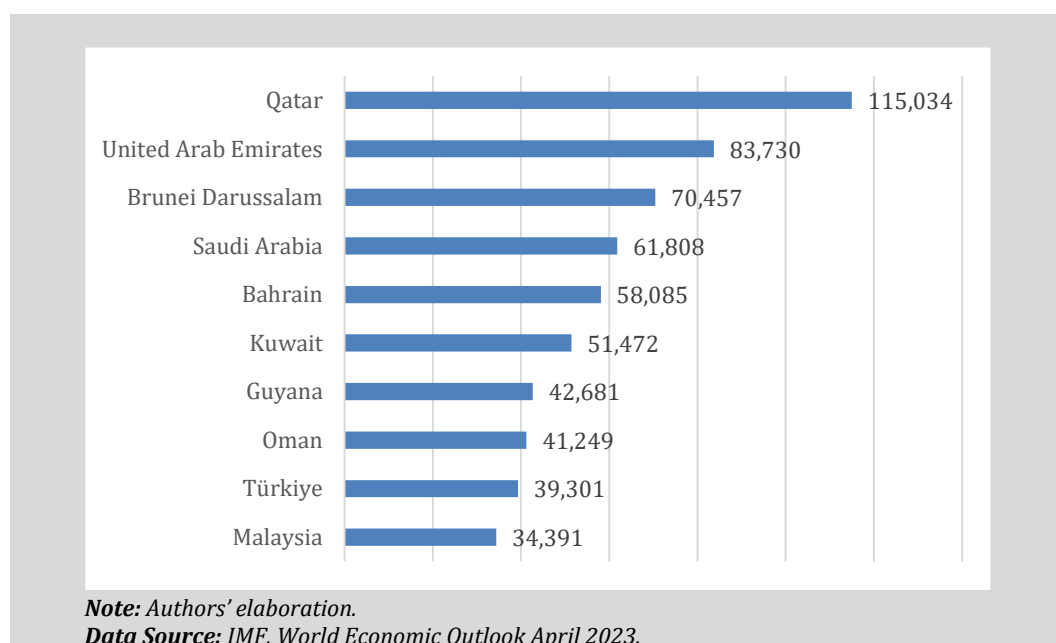


Looking at the OIC countries, Qatar had the highest GDP per capita in 2022 at 115,034 international PPP dollars (Figure 3.6). The other fossil fuel-rich countries in the region, namely the United Arab Emirates, Brunei Darussalam, Saudi Arabia, Bahrain, Kuwait, and Oman, are among the top 10 OIC countries by GDP per capita. One of the most striking countries in this list is Guyana, where oil production began in 2020. Since then, GDP per capita has increased significantly. Guyana is expected to become one of the largest oil exporters<sup>6</sup> in the world. The

<sup>6</sup> “Tiny Guyana could soon become one of the world’s giant oil exporters”, The Economist, July 12, 2023.

last two countries on the list are Türkiye, with a GDP per capita of \$39,031, and Malaysia, with a GDP per capita of \$34,391, the only non-commodity rich countries.

**Figure 3.6. Top 10 OIC Countries by GDP per Capita, PPP International Dollars, 2022**



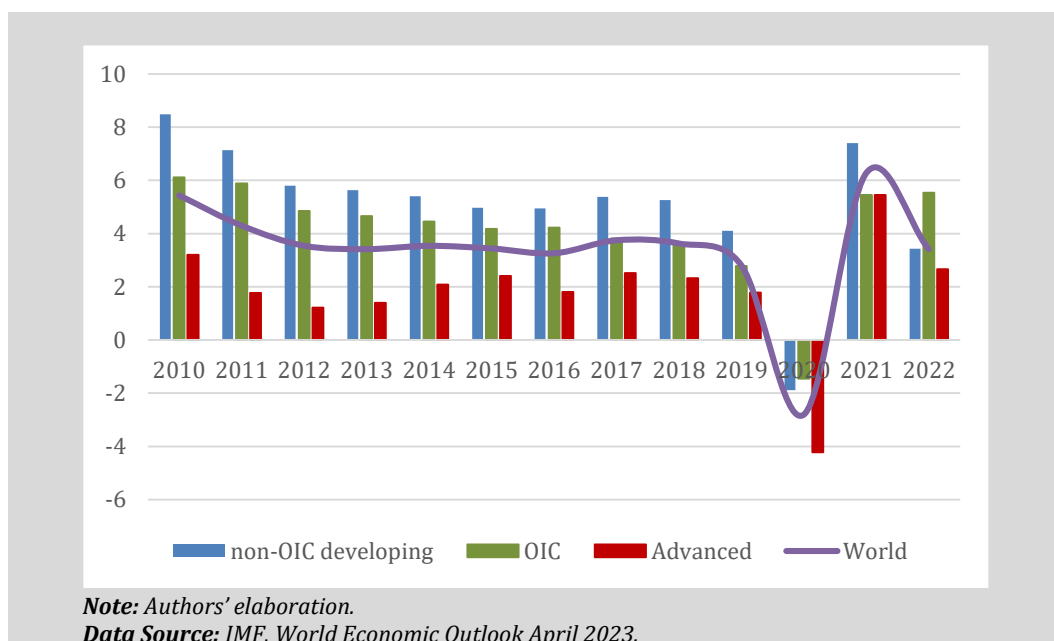
For the 2010-2022 period, the annual growth rate of the OIC region was around 4 percent, lower than the growth rate of non-OIC developing countries which was around 5 percent and higher than the growth rate of the advanced economies, which was 1.8 percent (Figure 3.7). During the COVID-19 pandemic, the growth rates of all the regions were negative. The OIC region shrank less than the other countries. 2021 was the year of recovery all around the World. However, the growth rate of the OIC region was impressive for 2022. The average growth rate of the OIC region hit 5.5 percent while the growth rates of the advanced economies and other developing economies were recorded as 2.7 percent and 3.4 percent, respectively.

Table 3.1 shows the OIC countries with the highest and lowest growth rates in 2022. Guyana was the country with the highest growth rate of 62.3 percent in 2022, due to the start of oil production in the country, as mentioned above. Maldives, with the recovery of tourist arrivals after the pandemic<sup>7</sup>, and Niger achieved growth rates of more than 10 percent in 2022, ranking 2<sup>nd</sup> and 3<sup>rd</sup>, respectively, in the top 10 list of growth rates. As a result of the 42 percent increase in oil prices, most of the oil-rich countries among the OIC countries recorded high growth rates. Saudi Arabia (8.7 percent), Kuwait (8.2 percent), Iraq (8.1 percent) and the United Arab Emirates (7.4 percent) appeared in the list of the top 10 countries with the highest growth.

<sup>7</sup> Source: <https://www.worldbank.org/en/country/maldives/overview>.

Malaysia (8.7 percent), Tajikistan (8 percent), and Bangladesh (7.1 percent) were the non-oil producing countries that recorded high growth rates in 2022.

**Figure 3.7. GDP Growth Rates, 2010-2022**



**Table 3.1. Countries with Highest and Lowest GDP Growth Rates, 2022**

Countries with highest GDP growth		Countries with lowest GDP growth	
Guyana	62.29	Libya	-12.81
Maldives	12.33	Sudan	-2.50
Niger	11.11	Brunei Darussalam	-1.51
Saudi Arabia	8.74	Morocco	1.14
Malaysia	8.69	Suriname	1.33
Kuwait	8.18	Yemen	1.50
Iraq	8.14	Somalia	1.70
Tajikistan	8.00	Turkmenistan	1.79
UAE	7.41	Comoros	2.43
Bangladesh	7.10	Burkina Faso	2.47

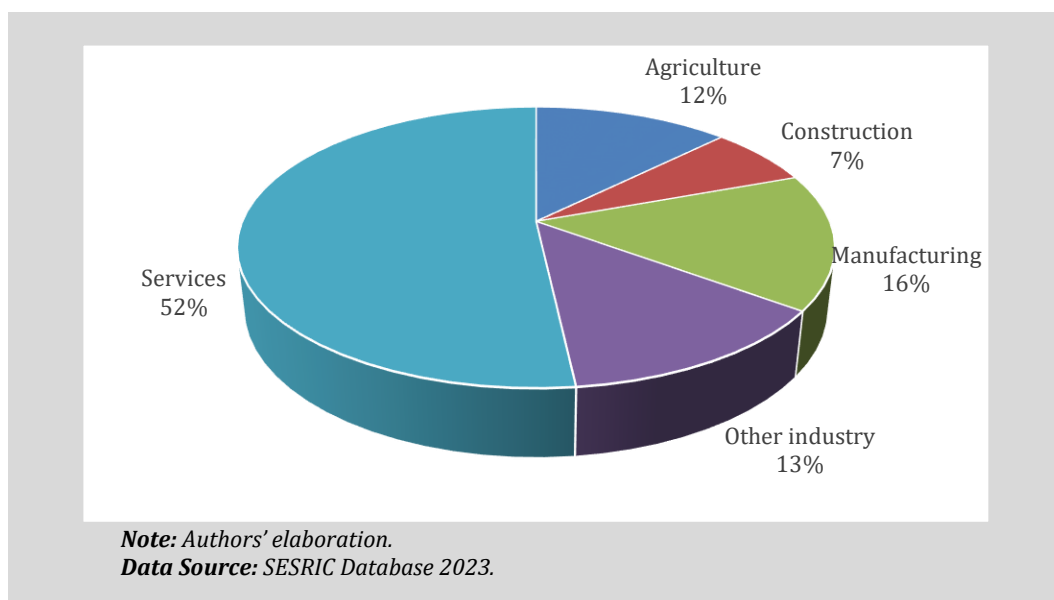
*Data Source: SESRIC Database*

In 2022, only three countries recorded negative growth rates: Libya, Sudan, and Brunei Darussalam, with conflict playing an important role in two of them. Morocco, Suriname, Yemen, Somalia, Turkmenistan, Comoros, and Burkina Faso were among the OIC countries with the lowest GDP growth. In fact, their growth rates were more than 1 percent. In other words, even most of the countries with the lowest growth rates recorded positive growth rates in the OIC region.

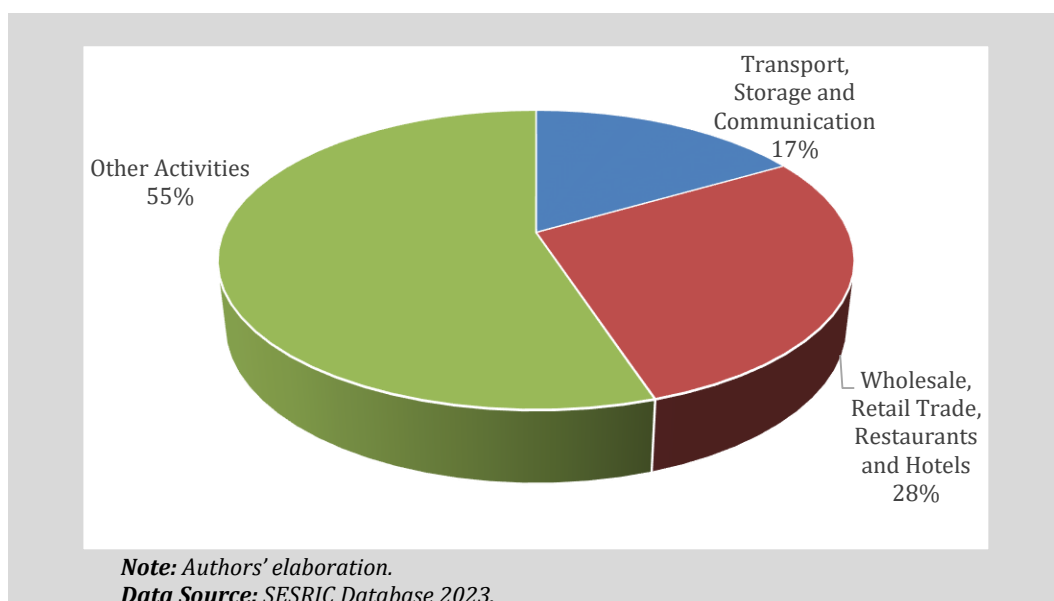


The service sector has an average share of 52 percent in the OIC economies (Figure 3.8). When construction is added to the service sector definition, the share rises to 59 percent. Further breakdown of the services sector excluding construction shows that transport, storage, and communication and wholesale and retail trade, hotels, and restaurants account for half of the sector (Figure 3.9). It is well known that these sectors tend to employ unskilled labor and have limited value added.

**Figure 3.8. Sectoral Composition of Value Added in OIC countries, 2021**



**Figure 3.9. Sectoral Composition of Services Value Added, 2021**



Manufacturing accounts for only 16 percent of the region’s economy. If you look at the economic history of developed countries, one of the most important facts is the sectoral shifts they have experienced during their development process. These countries, which took an important step from agriculture to industry with the first and second industrial revolutions, have shifted from industry to services in the last fifty years, which includes the third and fourth industrial revolutions. However, the OIC countries increased the share of the service sector prematurely, before they had completed their industrialization<sup>8</sup>.

In high-income, upper-middle-income, and middle-income countries, the share of agriculture declined to 1.3 percent, 6.9 percent, and 8.8 percent, respectively. In the OIC region, the share of agriculture was 12 percent of value added in 2021.

Table 3.2 shows the countries with the highest share of agriculture in the first column, the highest share of manufacturing in the third column, and the countries with the highest share of services in the fifth column. All of the countries in the OIC region in the top ten with the highest share of agriculture are classified by the World Bank as low-income countries, with the exception of Comoros and Benin, which are middle-income countries. In Somalia and Sierra Leone, 60 percent of value added came from agriculture, while Chad’s share of agriculture in value added was 47 percent. The other 7 countries in the list had agriculture’s share of value added of 30-40 percent.

Industrialization is the most important step for development. Among the OIC countries, Turkmenistan was the OIC member country with the highest share of manufacturing with a share of 35 percent in 2022. Türkiye was second with a share of about 25 percent, while manufacturing accounted for 23.75 percent and 23.15 percent of value added in Malaysia and Suriname, respectively. Bangladesh, Uzbekistan and Indonesia were the other countries where the share of manufacturing exceeded 20 percent.

**Table 3.2. Countries with Highest Shares of Agriculture, Manufacturing and Services, 2022**

	Agriculture		Manufacturing		Services
Somalia	60.18	Turkmenistan	35.01	Lebanon	87.98
Sierra Leone	60.03	Türkiye	24.84	Djibouti	86.79
Chad	46.49	Malaysia	23.75	Maldives	83.54
Comoros	38.73	Suriname	23.15	Palestine	70.43
Niger	38.66	Bangladesh	22.06	Jordan	67.51
Mali	38.24	Uzbekistan	20.88	Tunisia	64.40
Afghanistan	35.03	Indonesia	20.06	Yemen	59.65
Guinea-Bissau	32.43	Jordan	19.03	Türkiye	59.00
Benin	31.39	Brunei	18.23	Sudan	57.99
Mozambique	30.73	Bahrain	18.20	Morocco	57.49

*Data Source: SESRIC Database*

<sup>8</sup> See Rodrik (2013), (2014) and (2015) for a detailed discussion of premature deindustrialization.

The 5<sup>th</sup> column of Table 3.2 shows the OIC countries with the highest share of the services sector in value added. Lebanon is the center of international banking and tourism and is the country with the highest share of services in value added in 2022 at 87.98 percent. In Djibouti, the share of services in value added was 86.79 percent, as Djibouti is a major refueling and transshipment center on the Red Sea. In the OIC region's tourism paradise, the Maldives, the service sector accounted for 83.54 percent of value added. Due to the closure of factories as a result of the conflict, the economy of Palestine is based on services with a share of 70.43 percent of value added in 2022. The other countries in the top 10 list of the highest share of the services sector in value added had shares below 70 percent.

After the COVID-19 pandemic the world experienced a significant increase in inflation. There are many supply and demand related effects for this inflation, such as the disruptions in the global supply chain, fiscal stimulus packages, the increase in oil prices, a significant increase in demand compared to pre COVID levels, downsizing, especially in the service sector and the list could go on. The impact of the Ukraine Crisis on wheat, agricultural and energy prices contributed significantly to the global increase in inflation.

Figure 3.10 shows that OIC economies were much more affected by all these factors compared to other economies in the world, and inflation rose more than in advanced economies and non-OIC economies in 2022. In fact, the rise in inflation in the OIC region and advanced economies started in 2021.

**Figure 3.10. Inflation, 2022**

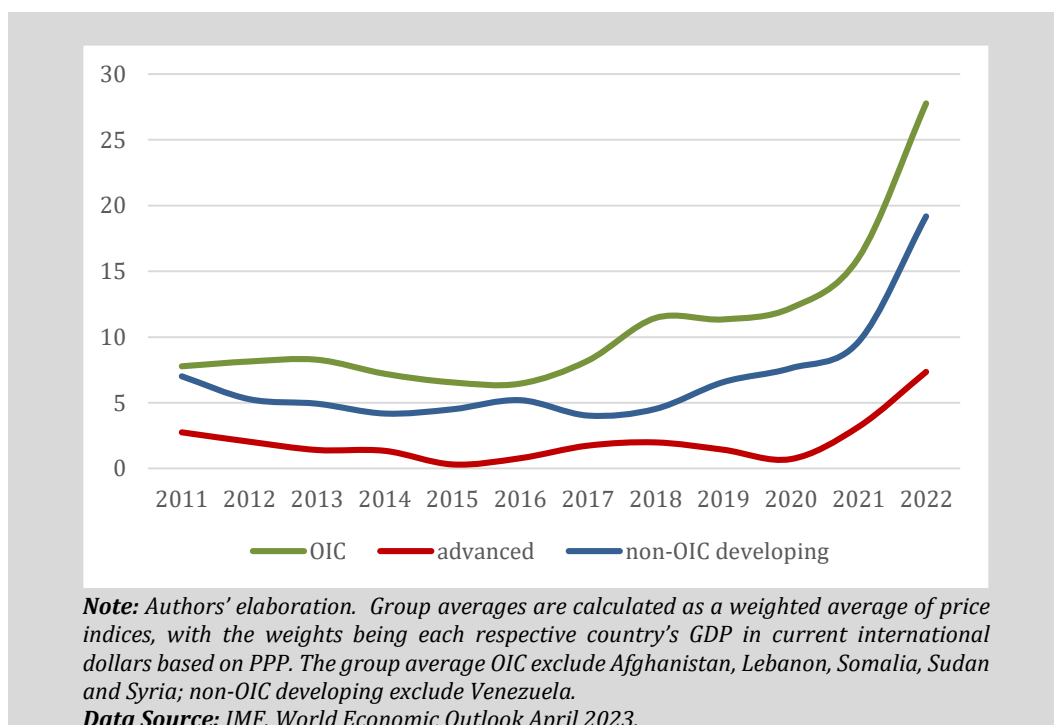
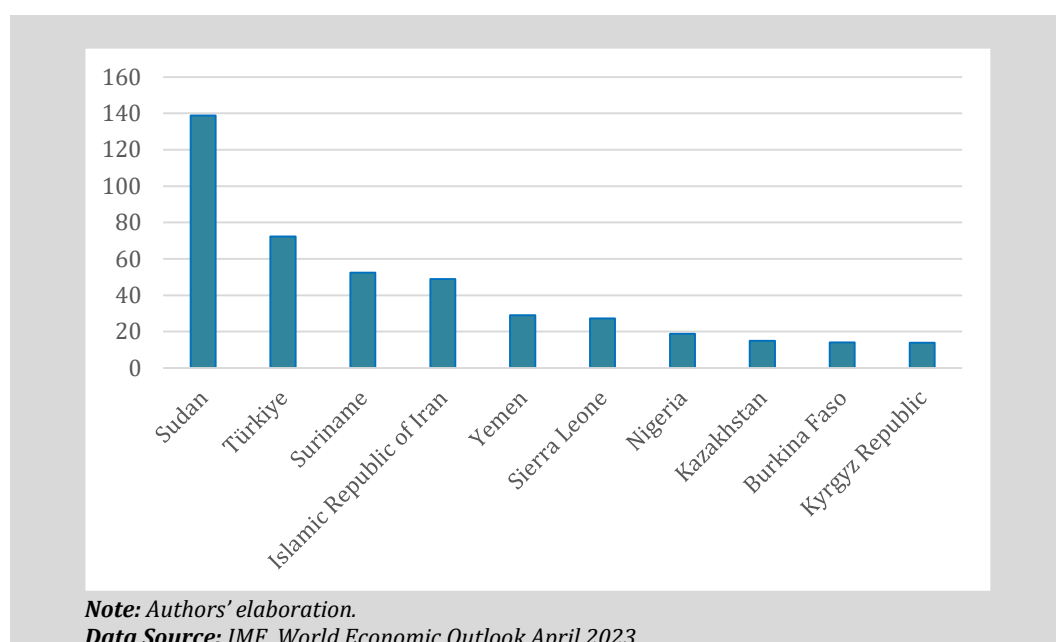


Figure 3.11 shows the ten countries in the OIC region with the highest inflation. Looking at inflation in the countries of the OIC region, Sudan ranks first with an inflation rate of almost 140 percent. In fact, 2022 is the year that inflation slowed down in Sudan. In 2021, it was still at 359 percent. Türkiye is second on the list of countries with high inflation, with an inflation rate of 72 percent in 2022. Suriname and Iran recorded inflation rates of 52 percent and 48 percent, respectively, in 2022. While inflation in Yemen and Sierra Leone was 29 percent and 27 percent, respectively, in 2022, the other countries on the list of countries with the highest inflation recorded inflation rates of less than 20 percent. To be precise, inflation in 2022 was 18.85 percent in Nigeria, 14.96 percent in Kazakhstan, 14.07 percent in Burkina Faso, and 13.91 percent in the Kyrgyz Republic.

**Figure 3.11. The OIC Countries with Highest Inflation, 2022**



**Table 3.3. Countries with Highest and Lowest Unemployment, 2022**

Countries with highest unemployment		Countries with lowest unemployment	
Djibouti	27.93	Qatar	0.10
Palestine	25.72	Niger	0.53
Gabon	21.47	Bahrain	1.40
Libya	20.68	Chad	1.41
Somalia	20.05	Benin	1.65
Sudan	18.73	Oman	2.33
Jordan	17.87	Kuwait	2.48
Tunisia	16.12	Cote d'Ivoire	2.64
Iraq	15.55	United Arab Emirates	2.75
Yemen	13.59	Mali	2.76

*Data Source: SESRIC Database*

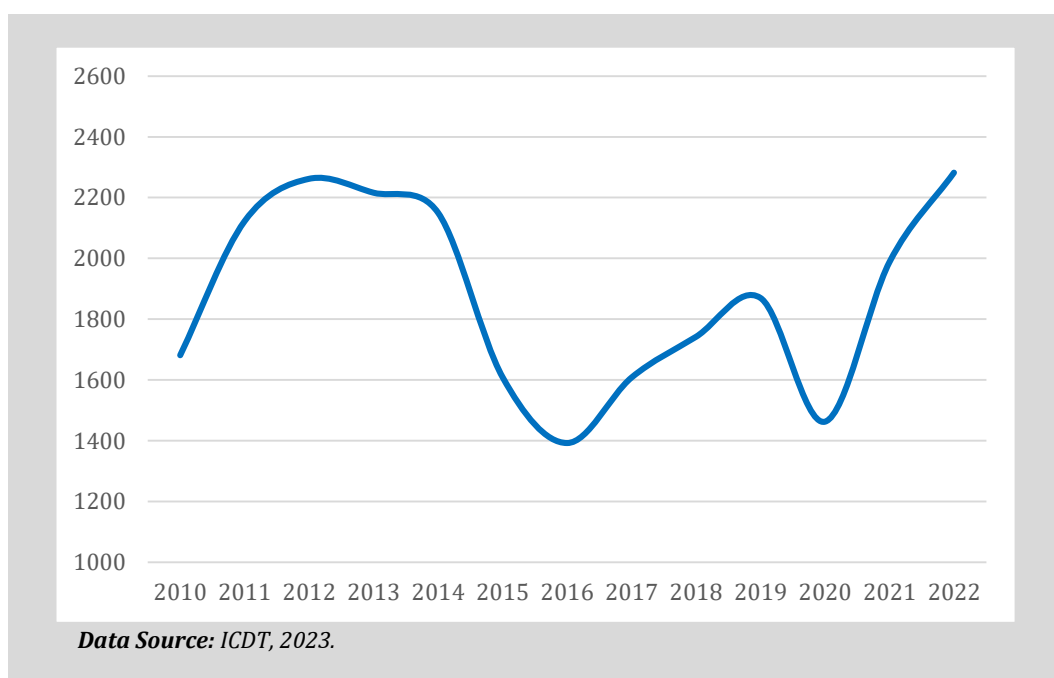
After the COVID-19 pandemic, unemployment also increased in OIC countries worldwide. Although unemployment rates declined globally, there were many countries in the OIC region that had high unemployment rates in 2022 (Table 3.3). Djibouti and Palestine were the two countries where unemployment rose to more than 25 percent. Libya and Somalia had unemployment rates of about 20 percent in 2022, while Sudan, Jordan, Tunisia, and Iraq had unemployment rates above 15 percent.

There were also countries in the OIC region where official statistics show very low employment rates. Qatar, Niger, Bahrain, Chad, and Benin had unemployment rates below 2 percent, while Oman, Kuwait, Côte d'Ivoire, the United Arab Emirates, and Mali had unemployment rates between 2 and 3 percent.

### 3.2 International Trade in the OIC Region

According to ICDT Data on May 2023, the OIC World exports grew from \$ 1.7 Trillion to \$ 2.28 Trillion in 2022 (Figure 3.12) i.e., the average annual growth rate of OIC merchandise exports is 2.84 percent.

**Figure 3.12: Evolution of the OIC World Exports in billion USD (2010-2022)**



As a result, the share of OIC countries in global merchandise exports increased from 2010 to 2022 by 35.77 percent and the OIC countries' merchandise exports and their share in world merchandise exports increased significantly during 2010-2021 by 38.6 percent from 6.8 percent to 9.3 percent.

Besides, the main OIC exporters in 2022 are: Malaysia, Saudi Arabia, UAE, Indonesia, Türkiye, Nigeria, Qatar, Kazakhstan, Egypt and Bangladesh. These ten countries registered 80.2 percent of OIC Trade totaling USD 1.8 Trillion.

Table 3.4, column 1 lists the countries with the highest value of commodity exports in 2021. Resource/fuel/natural gas rich countries such as Saudi Arabia, Qatar, Iraq, Kuwait, Kazakhstan, Nigeria, and Oman are the natural candidates for the highest merchandise exports in the OIC region. It is no coincidence that Malaysia, Indonesia, and Türkiye are among the countries with the highest share of manufacturing (Table 3.4) and among the countries with the highest merchandise exports, more than \$352 billion in 2022.

**Table 3.4. Countries with Highest and Lowest Export, Billion USD in 2022**

Countries with highest exports		Countries with lowest exports	
Malaysia	352.44	Comoros	0.02
Saudi Arabia	349.33	The Gambia	0.04
United Arab Emirates	304.78	Maldives	0.19
Indonesia	291.98	Yemen	0.32
Türkiye	254.17	Sierra Leone	0.39
Nigeria	64.54	Afghanistan	0.44
Qatar	62.06	Guinea Bissau	0.47
Kazakhstan	58.79	Djibouti	0.49
Egypt	48.15	Somalia	0.79
Bangladesh	46.03	Tajikistan	1.23

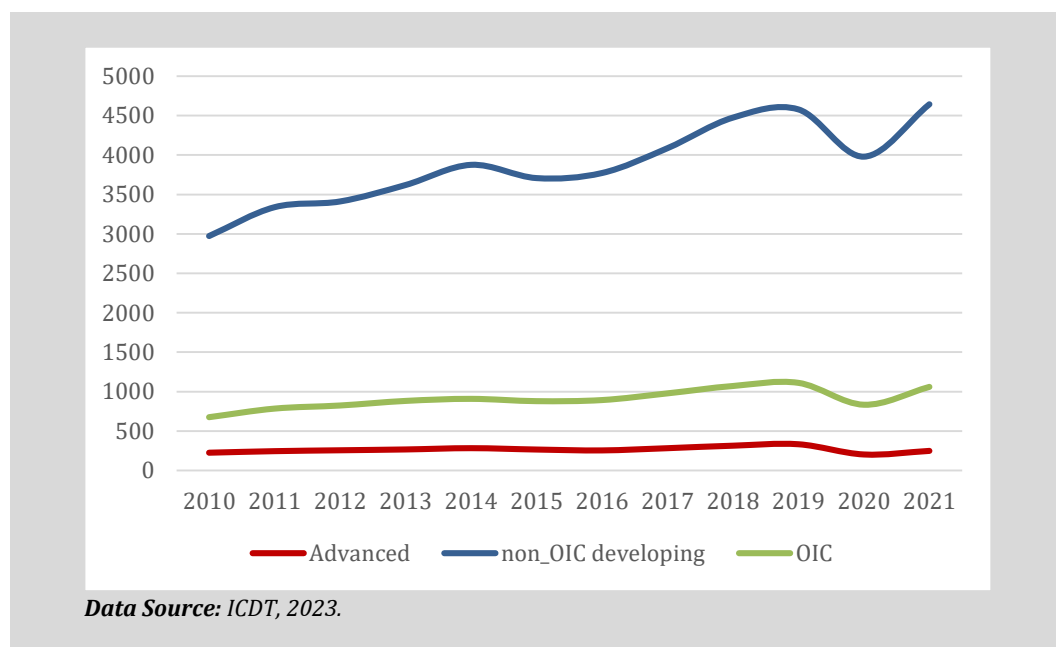
*Data Source: ICDT, 2023*

Table 3.4 Column 3 presents the countries with the lowest value of goods exports. These are generally the small population countries of the OIC region that are not specialized in manufacturing. Besides some OIC Countries had world exports had lower than \$1 billion of exports such as Comoros, The Gambia, Maldives, Yemen, Sierra Leone, Afghanistan, Guinea-Bissau, Djibouti and Somalia in 2022.

Services exports in the OIC region are not as successful as goods exports, as shown in Figure 3.13. The share of OIC countries in global services exports was 17.81 percent, while the share of non-OIC developing countries was 78.03 percent in 2021. Moreover, the share was almost the same throughout the period 2010-2021. Although the share of the services sector in value added is about 52 percent, as shown in Figure 3.8, services in the region are not exportable due to low value added and production with low-skilled labor.

The countries with the highest and lowest services exports are shown in columns 1 and 3, respectively, of Table 3.5. The services exports of Türkiye, the country with the highest services exports in the OIC region, amounted to \$61.41 billion in 2021. Tourism, transportation, wholesale and retail trade are the main service export sectors of Türkiye. They are followed by Egypt and Malaysia, both transportation hubs and tourism heavens, where services trade reached \$21.90 billion and \$20.93 billion, respectively. The other countries with the highest services exports are below \$20 billion in 2021.

**Figure 3.13. Value of Services Exports (BOP, Billion USD), 2010-2021**



The countries with the lowest exports of services recorded less than \$300 million. Note that it is very difficult for countries to officially record service exports. In other words, service exports in the region are very low due to recording problems.

**Table 3.5. Countries with Highest and Lowest Services Exports, BOP, Billion USD, 2021**

Countries with highest services exports		Countries with lowest services exports	
Türkiye	61.41	Guinea	0.03
Egypt, Arab Rep.	21.90	Guinea-Bissau	0.04
Malaysia	20.93	Sierra Leone	0.07
Qatar	18.35	Suriname	0.10
Morocco	15.42	Gambia, The	0.10
Indonesia	13.95	Comoros	0.10
Saudi Arabia	10.30	Tajikistan	0.15
Kuwait	8.71	Brunei Darussalam	0.20
Bangladesh	7.47	Mauritania	0.27
Pakistan	6.54	Niger	0.28

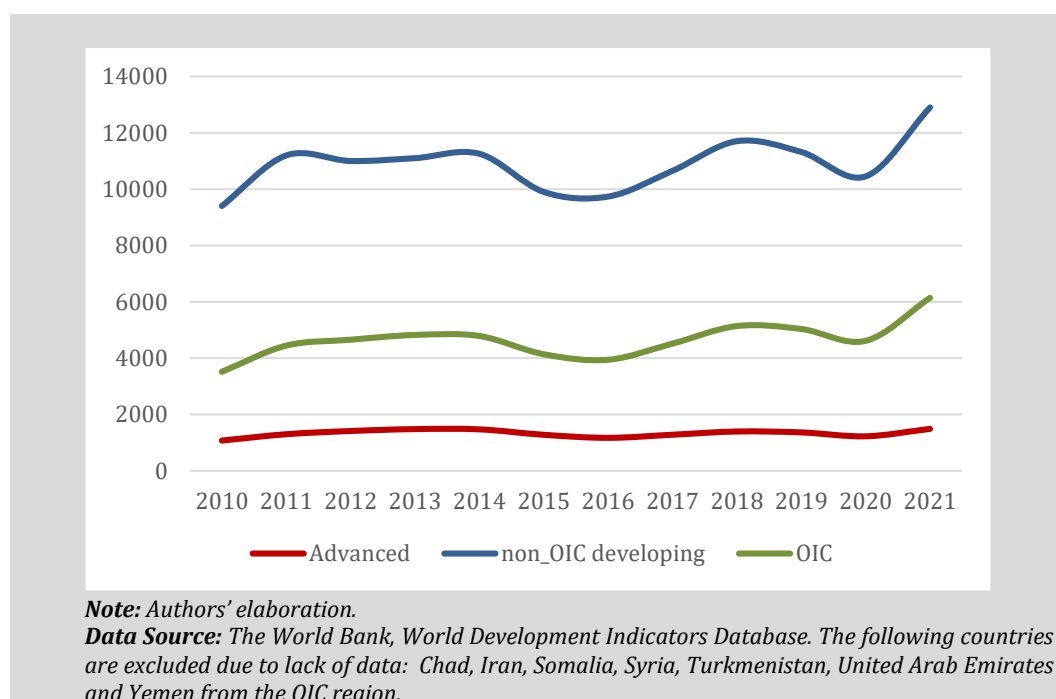
**Data Source:** The World Bank, World Development Indicators Database.

**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

Figure 3.14 shows the value of merchandise imports for advanced economies, non-OIC developing economies, and the OIC region between 2010 and 2021. The average annual rate of increase in merchandise imports in advanced economies and non-OIC developing economies was 3 percent and 2.9 percent, respectively, while merchandise imports increased by an average of 5.2 percent annually.

The share of advanced economies and the share of non-OIC developing economies in global merchandise imports declined by 0.43 and 4.77 points, respectively, during 2010-2021. However, the share of OIC economies in world imports increased by 4.8 points during the same period, reaching \$1,060 billion in 2021.

**Figure 3.14. Value of Goods Imports (BOP, Billion USD), 2010-2021**



**Table 3.6. Countries with Highest and Lowest Goods Imports, BOP, Billion USD, 2021**

Countries with highest goods imports		Countries with lowest goods imports	
Türkiye	254.00	Comoros	0.26
Malaysia	194.60	Guinea-Bissau	0.35
Indonesia	189.03	Gambia	0.61
Saudi Arabia	139.73	Suriname	1.34
Bangladesh	74.43	Sierra Leone	1.63
Egypt	70.91	Maldives	2.39
Pakistan	65.93	Niger	2.82
Morocco	51.64	Mauritania	3.52
Nigeria	51.42	Guyana	3.70
Kazakhstan	41.56	Tajikistan	3.73

**Data Source:** The World Bank, World Development Indicators Database.

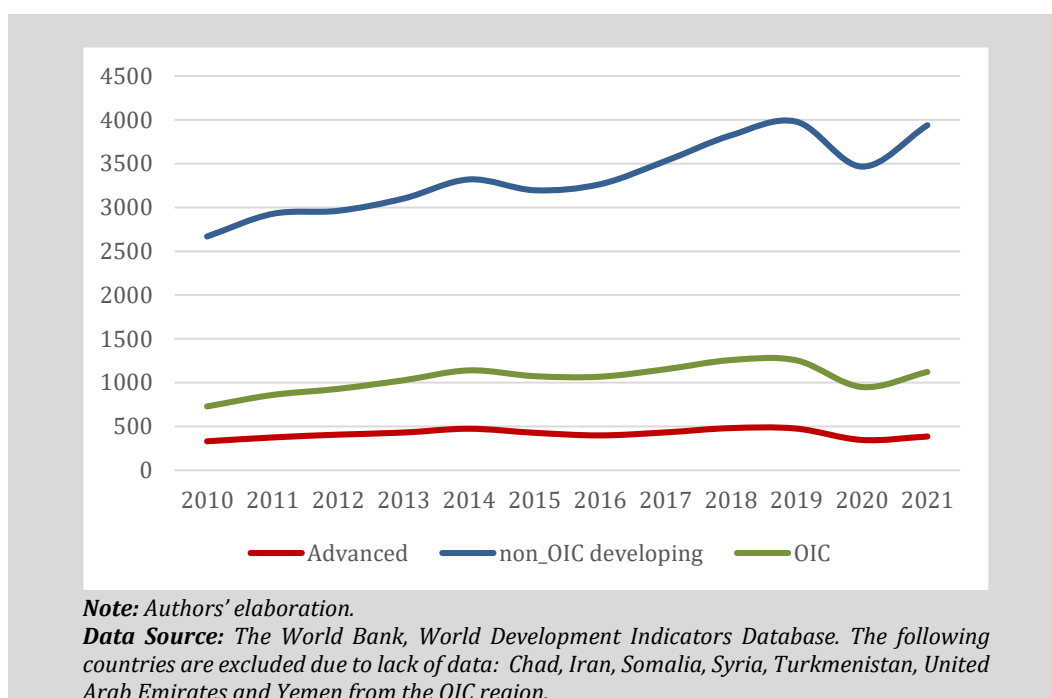
**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

Türkiye ranks first in imports of goods in the OIC region, with \$254 billion (Table 3.6, column 1). Malaysia, Indonesia, and Saudi Arabia are the other major importers of goods in the region, with more than \$100 billion. As expected, smaller countries have lower imports such as Comoros, Guinea-Bissau, and The Gambia imported less than \$1 billion worth of goods in 2021,



as indicated in columns 3 and 4 of Table 3.6. Suriname and Sierra Leone rank fourth and fifth, respectively, in the list of goods importers with less than \$2 billion.

**Figure 3.15. Value of Services Imports (BOP, Billion USD), 2010-2021**



The value of service imports is similarly low to the value of service exports (Figure 3.15). The OIC region's share of services imports was 20.59 percent in 2021. The largest player in services imports is developing countries outside the OIC, with a share of about 70 percent. Advanced economies have a very small share of 7.1 percent in global services imports. The shares remained almost unchanged during 2010-2021, except for the advanced economies, which recorded a slight decrease of 1.81 points in their share of world services imports.

The annual rate of increase in services imports was limited to 1.39 percent for advanced economies. Services imports in the OIC region and non-OIC developing economies increased by an average of 3.99 and 3.61 percent, respectively, during 2010-2021.

Table 3.7 shows the top services importers in column 1 and the countries with the lowest services imports in column 3. Saudi Arabia was the largest importer of services in 2021, with a value of \$73.28 billion. Malaysia and Qatar had services imports worth more than USD 30 billion. The three countries with services imports between \$20 billion and \$30 billion were Türkiye, Indonesia, and Egypt in 2021, and all ten countries with the lowest services imports were worth less than \$1 billion. As mentioned for services exports, it is also difficult to officially record services imports. Therefore, the indicators here may be underestimated.

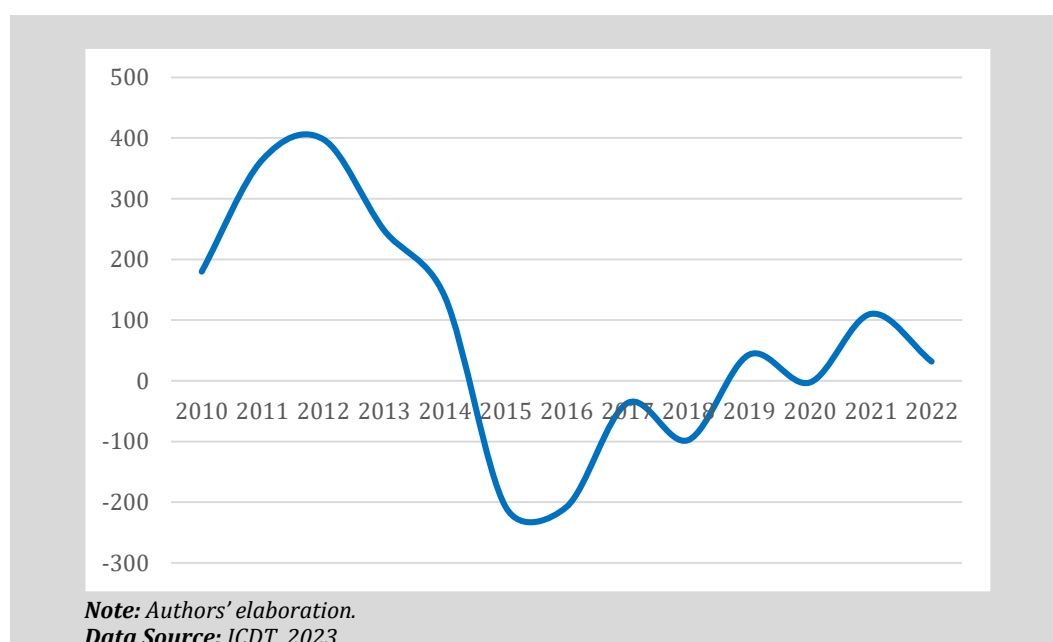
**Table 3.7. Countries with Highest and Lowest Services Imports, BOP, Billion USD, 2021**

Countries with highest services imports		Countries with lowest services imports	
Saudi Arabia	73.28	Gambia, The	0.12
Malaysia	35.59	Comoros	0.15
Qatar	34.34	Guinea-Bissau	0.17
Türkiye	29.60	Sierra Leone	0.24
Indonesia	28.55	Tajikistan	0.53
Egypt, Arab Rep.	23.13	Suriname	0.54
Kuwait	21.09	Djibouti	0.61
Nigeria	16.06	Kyrgyz Republic	0.74
Iraq	15.99	Mauritania	0.79
Bangladesh	10.87	Brunei Darussalam	0.90

**Data Source:** The World Bank, World Development Indicators Database.

**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

**Figure 3.16. OIC Countries Merchandise Trade Balance (Billion USD), 2010-2022**

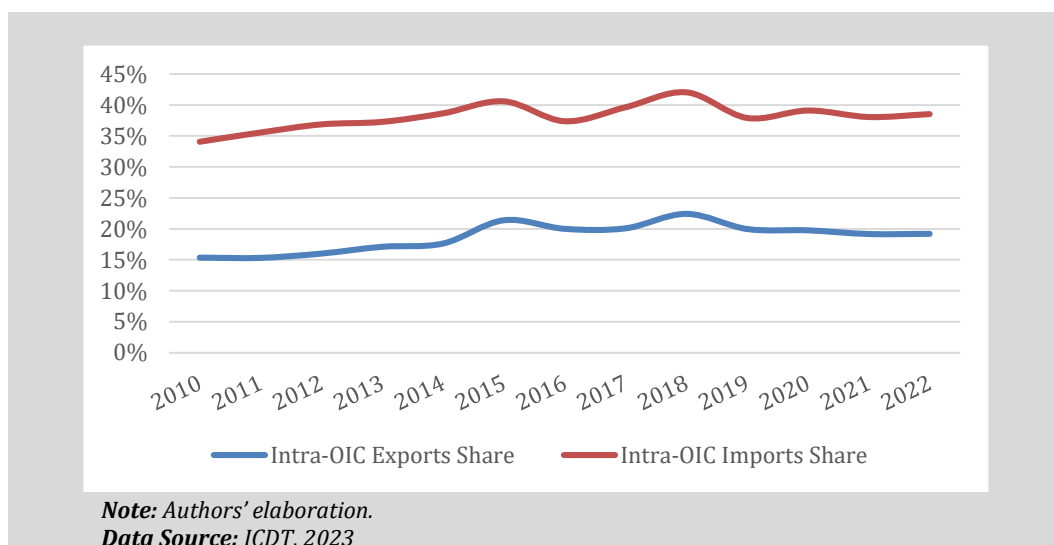


OIC economies were net exporters between 2010 and 2014, as shown in Figure 3.16. After the decline in oil prices in 2015 and 2018, they became net importers. In 2018-2022, the OIC region achieved a trade surplus as oil prices increased excepting 2020 due to the COVID-19 effects. The COVID-19 pandemic negatively impacted OIC economies' exports, similar to all countries in the world. In 2021, exports recovered and the trade surplus was achieved. In other words, there is a close relationship between the trade balance and oil prices of OIC countries.

According to ICDT Data, the OIC trade share in its total merchandise trade 2010-2022 followed a fluctuating pattern of commodities prices and the USD exchange rate, the implementation of bilateral, regional trade agreements and organization of trade promotion and investment

programs in Member countries by OIC and International Institutions (Figure 3.17). Indeed Intra-OIC Exports and Imports increased respectively by 25.1 percent and 3.3 percent between 2010 and 2022; Demand within the OIC region played a critical role in shaping this pattern such Middle East, Asia and Africa Member States. The offsetting movement of intra-OIC exports and imports demonstrates the role of demand in determining the value of intra and inter regions exports and imports.

**Figure 3.17. Share of Intra-OIC Trade in Total Trade (%), 2010-2022**



The Logistic Performance Index (LPI) provides ratings of the 139 countries on trade and logistics issues based on 6 different criteria. Data is collected via a global survey of international logistics companies on the ground. In addition, granular high-frequency information on ocean shipping and container tracking, mail and air freight activities is used

**Table 3.8. Top Ranking Countries among OIC in Logistic Performance Index, 2023**

Economy	LPI Score	LPI Rank	Customs Score	Infrastructure Score	International Shipments Score	Logistics Competence Quality Score	Timeliness Score	Tracking Tracing Score
UAE	4.0	7	3.7	4.1	3.8	4.0	4.2	4.1
Malaysia	3.6	26	3.3	3.6	3.7	3.7	3.7	3.7
Bahrain	3.5	34	3.3	3.6	3.1	3.3	4.1	3.4
Qatar	3.5	34	3.1	3.8	3.1	3.9	3.5	3.6
Saudi A.	3.4	38	3.0	3.6	3.3	3.3	3.6	3.5
Türkiye	3.4	38	3.0	3.4	3.4	3.5	3.6	3.5
Oman	3.3	43	3.0	3.2	3.4	3.2	3.1	3.9
Kuwait	3.2	51	3.2	3.6	3.2	2.9	2.8	3.3
Egypt	3.1	57	2.8	3.0	3.2	2.9	3.6	2.9
Indonesia	3.0	61	2.8	2.9	3.0	2.9	3.3	3.0

*Data Source: The World Bank, Logistic Score Index, 2023.*

Table 3.8 shows the logistics performance index for the top 10 performing OIC countries in 2023. While column 2 shows the total score for the logistics performance index, column 3 shows the

ranking of countries around the world based on the index. Columns 5 and 9 show the results of the sub-indices of the logistics performance index. The United Arab Emirates is the only country ranked among the 10 countries around the world. Malaysia is the second country among the OIC countries with the highest LPI score. The world ranking is 26 and the customs, punctuality and infrastructure scores are much lower than the UAE. Bahrain, Qatar, Saudi Arabia, and Türkiye have very similar world ranking scores between 34 and 38, and for these four countries, the scores for international shipping are much lower than for the top 2 countries on the list. The values for the other sub-indices vary by country.

### **3.3 Conclusion**

This chapter offers an evaluation of the economic performance and international trade of countries within the OIC. Despite OIC countries constituting approximately 25 percent of the global population, their collective share in the world's Gross Domestic Product (GDP) is relatively modest, accounting for 15 percent. Furthermore, when examining GDP per capita, it becomes evident that while global prosperity has increased, the progress in OIC economies has been significantly slower, resulting in a comparatively lower standard of living for their citizens between 2010 and 2022.

Within the OIC economies, the service sector plays a prominent role, with an average contribution of 52 percent. However, this sector primarily relies on unskilled labor and generates limited value added. It is noteworthy that OIC countries expanded their service sector prematurely, before completing the industrialization process.

The OIC economies have been more susceptible to global economic developments, experiencing higher inflation rates than advanced and non-OIC economies in 2022. The aftermath of the COVID-19 pandemic saw increased unemployment in OIC countries worldwide, even as global unemployment rates declined. Several OIC nations continued to grapple with high unemployment rates in 2022.

In terms of international trade, OIC countries displayed a noteworthy increase in their share of global merchandise exports, with a rise of 35.77 percent from 2010 to 2022. Their merchandise exports and their share in world merchandise exports also saw a substantial increase during the period from 2010 to 2021, registering a growth of 38.6 percent. Nevertheless, services exports from the OIC region have not been as successful as goods exports, primarily due to low value added and production dependent on low-skilled labor. The value of service imports remains similarly low compared to service exports.

The OIC's trade dynamics in the 2010-2022 period were influenced by fluctuating commodity prices, the USD exchange rate, the implementation of bilateral and regional trade agreements, as well as trade promotion and investment programs organized by OIC and international institutions in member countries. Intra-OIC exports and imports increased by 25.1 percent and 3.3 percent respectively during this timeframe, with demand within the OIC region, particularly from Middle East, Asia, and African member states, playing a crucial role in shaping these

patterns. The interplay between intra-OIC and inter-regional trade underscores the impact of demand in determining the value of exports and imports.

## **4 SMEs in the OIC Economies**

### **4.1 Institutional Framework**

SMEs play a key role in OIC economies; however, their importance is often met with a unique set of challenges. These challenges include limited access to finance, inadequate infrastructure, regulatory complexities, a lack of skilled labor, and difficulties in accessing new markets. These hurdles can be particularly daunting for SMEs aiming to expand their operations beyond national borders. The existence of these challenges necessitates a comprehensive institutional framework designed to support their internalization, growth, and sustainability.

To address the challenges effectively, it is crucial to define what constitutes an SME. In tandem with defining SMEs, the establishment of specialized institutions dedicated to addressing the unique challenges faced by SMEs is equally vital. These specialized institutions are tasked with developing and implementing multifaceted support mechanisms that target the specific needs of SMEs. These factors collectively foster the creation of a vibrant SME ecosystem, primed to empower SMEs to thrive, innovate, and contribute significantly to export and growth.

### **4.2 SME Definition**

There is no one-size-fits-all definition of SMEs across different countries. Recognizing the unique economic and industrial conditions of each member state, OIC countries have crafted distinct definitions tailored to their specific contexts. These definitions often take into account factors such as the number of employees, annual turnover and sometimes sector-specific criteria. To shed light on this diversity, Table 4.1 provides an overview of SME definitions in OIC countries.

According to the Table, among the countries, definitions even differ in terms of thresholds. For instance, while countries like Türkiye, Côte d'Ivoire, Iran, Nigeria and Oman defines micro firms as firms less than 10 employees, some countries uses 15 employee threshold (Kazakhstan and Kyrgyz Republic), some uses 5 threshold such as Malaysia, Qatar and Saudi Arabia. Other than those, three, four and six employee thresholds are also evident from the table.

Indeed, among the countries listed in the table, there is a notable variance in the definitions of micro firms in terms of employee thresholds. While several countries like Türkiye, Côte d'Ivoire, Iran, Nigeria, and Oman categorize micro firms as those with less than 10 employees, others like Kazakhstan and the Kyrgyz Republic utilize a 15-employee threshold. Meanwhile, some nations, including Malaysia, Qatar, and Saudi Arabia, employ a 5-employee threshold to classify micro firms. On the other hand, countries like Niger and Yemen establish an even lower micro threshold of fewer than 3 employees.

**Table 4.1. SME Definitions in OIC Countries**

Country	Definition
Afghanistan	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees. For the manufacturing sector, investment less than 2.5 Mn AFN. For the services sector, investment less than 1 Mn AFN.</li> <li>• Small: between 5 and 19 employees. For the manufacturing sector, investment between 2.5-5 Mn AFN. For the services sector, investment between 1-2 Mn AFN.</li> <li>• Medium: between 20 and 99 employees. For the manufacturing sector, investment between 5-10 Mn AFN. For the services sector, investment between 2-5 Mn AFN.</li> </ul>
Albania	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees and a turnover or a total annual balance sheet not exceeding ALL 10 Mn</li> <li>• Small: less than 50 employees and a turnover or a total annual balance sheet not exceeding ALL 50 Mn</li> <li>• Medium: less than 250 employees and a turnover or a total annual balance sheet not exceeding ALL 250 Mn</li> </ul>
Algeria	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, 40 Mn DA turnover and 20 Mn DA Annual Balance</li> <li>• Small: between 10 and 49 employees, less than 400 Mn DA turnover, and less than 200 Mn DA Annual Balance</li> <li>• Medium: between 50 and 249 employees, less than 4 Bn DA turnover, less than 1 Bn DA annual balance</li> </ul>
Azerbaijan	<ul style="list-style-type: none"> <li>• Micro: Between 1 and 10 employees, annual revenue less than 200 K AZN</li> <li>• Small: Between 11 and 50 employees, annual revenue less than 3 Mn AZN</li> <li>• Medium: Between 51 and 250 employees, annual revenue less than 30 Mn AZN</li> </ul>
Bahrain	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees, 50 K BD turnover</li> <li>• Small: between 6 and 50 employees, annual turnover less than 1 Mn BD</li> <li>• Medium: between 51 and 100 employees, annual turnover less than 3 Mn BD</li> </ul>
Bangladesh	<ul style="list-style-type: none"> <li>• Cottage: less than 15 employees, investment less than 10 Lakh</li> <li>• Micro: between 16 and 30, investment between 10 lakh and 75 lakh</li> <li>• Small: For the manufacturing sector, between 31 and 120 employees, investment between 75 lakh and 15 crore. For the services sector, between 16 and 50 employees, investment between 10 lakh and 2 crore</li> <li>• Medium: For the manufacturing sector, between 121 and 300 employees, investment between 15 crore and 50 crore. For the services sector, between 51 and 120 employees, investment between 2 crore and 30 crore</li> </ul>
Benin	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, 30 Mn FCFA turnover</li> <li>• Small: between 10 and 50 employees, annual turnover less than 150 Mn FCFA</li> <li>• Medium: between 51 and 200 employees, annual turnover less than 2 Bn FCFA</li> </ul>
Brunei	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees</li> </ul>
Darussalam	<ul style="list-style-type: none"> <li>• Small: between 6 and 50 employees</li> <li>• Medium: between 51 and 100 employees</li> </ul>
Burkina Faso	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, 15 Mn FCFA turnover</li> <li>• Small: between 10 and 30 employees, annual turnover less than 50 Mn FCFA</li> <li>• Medium: between 31 and 100 employees, annual turnover less than 1 Bn FCFA</li> </ul>
Cameroon	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees, 15 Mn FCFA turnover</li> <li>• Small: between 6 and 20 employees, annual turnover less than 100 Mn FCFA</li> <li>• Medium: between 21 and 100 employees, annual turnover less than 1 Bn FCFA</li> </ul>
Chad	<ul style="list-style-type: none"> <li>•</li> </ul>
Comoros	<ul style="list-style-type: none"> <li>•</li> </ul>
Côte d'Ivoire	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, 30 Mn FCFA turnover</li> <li>• Small: between 10 and 50 employees, annual turnover less than 150 Mn FCFA</li> <li>• Medium: between 51 and 200 employees, annual turnover less than 1 Bn FCFA</li> </ul>
Djibouti	<ul style="list-style-type: none"> <li>•</li> </ul>
Egypt	<ul style="list-style-type: none"> <li>• Micro: Annual turnover less than 1 Mn EGP. Less than 50 K EGP Newly Established Enterprise Capital – Manufacturing Sector. Less than 50 K EGP Newly Established Enterprise Capital – Non-Manufacturing Sector</li> <li>• Small: Annual turnover between 1-50 Mn EGP. Between 50 K and 5 Mn EGP Newly Established Enterprise Capital – Manufacturing Sector. Between 50 K and 3 Mn EGP Newly Established Enterprise Capital – Non-Manufacturing Sector</li> <li>• Medium: Annual turnover between 50-200 Mn EGP. Between 5 Mn and 15 Mn EGP Newly Established Enterprise Capital – Manufacturing Sector. Between 3 Mn and 5 Mn EGP Newly Established Enterprise Capital – Non-Manufacturing Sector</li> </ul>
Gabon	<ul style="list-style-type: none"> <li>• Very Small: total investment less than 30 Mn FCFA</li> </ul>

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	<ul style="list-style-type: none"> <li>• Micro: total investment between 30 and 100 Mn FCFA</li> <li>• Small: total investment between 100 and 500 Mn FCFA</li> <li>• Middle: total investment between 500 Mn and 1 Bn FCFA</li> </ul>
Gambia, The Guinea	<ul style="list-style-type: none"> <li>•</li> <li>• Micro: less than 10 employees, 1 Bn GNF annual turnover, 100 Mn GNF annual balance</li> <li>• Small: between 10 and 49 employees, annual turnover less than 5 Bn GCF, annual balance 500 Mn</li> <li>• Medium: between 50 and 250 employees, annual turnover less than 10 Bn FCFA, annual balance 5 Bn</li> </ul>
Guinea-Bissau	<ul style="list-style-type: none"> <li>•</li> </ul>
Guyana	<ul style="list-style-type: none"> <li>• Small Business: less than 25 employees, 60 mn dollar gross annual revenue, 20 Mn total business assets</li> </ul>
Indonesia	<ul style="list-style-type: none"> <li>• Micro: Net assets less than Rp. 50 Mn, annual sales Rp. 300 Mn</li> <li>• Small: Net assets between Rp. 50 and 500 Mn, annual sales between Rp 300 Mn and 2.5 Bn</li> <li>• Medium: Net assets between Rp. 500 Mn and 10 Bn, annual sales between Rp 2.5 Bn and 50 Bn</li> </ul>
Iran	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees</li> <li>• Small: between 10 and 49 employees</li> <li>• Medium: between 50 and 99 employees</li> </ul>
Iraq	<ul style="list-style-type: none"> <li>• Small: less than 9 employees</li> <li>• Medium: between 10 and 29 employees</li> </ul>
Jordan	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees, 100 K JD annual revenue for industrial sector, 120 K JD for trade sector, 200 K JD for services sector</li> <li>• Small: less than 20 employees and 1 Mn JD for industrial sector, less than 10 employees and 150 K JD for trade sector, less than 25 employees and 500 K JD for services sector</li> <li>• Medium: less than 100 employees and 3 Mn JD for industrial sector, less than 50 employees and 1 Mn JD for trade and services sectors</li> </ul>
Kazakhstan	<ul style="list-style-type: none"> <li>• Micro: less than 15 employees</li> <li>• Small: between 15 and 100 employees</li> <li>• Medium: between 100 and 250 employees</li> </ul>
Kuwait	<ul style="list-style-type: none"> <li>• Less than 50 employees and KD500 K asset</li> </ul>
Kyrgyz Republic	<ul style="list-style-type: none"> <li>• Micro: less than 15 employees for non-services sector, less than 7 employees for services sector</li> <li>• Small: less than 50 employees for non-services sector, less than 15 employees for services sector</li> <li>• Medium: less than 200 employees for non-services sector, less than 50 employees for services sector</li> </ul>
Lebanon	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, LBP 500 Mn</li> <li>• Small: less than 50 employees, LBP 5 Bn</li> <li>• Medium: less than 100 employees, LBP 25 Bn</li> </ul>
Libya	<ul style="list-style-type: none"> <li>•</li> </ul>
Malaysia	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees or RM 300 K sales turnover</li> <li>• Small: for the manufacturing sector, less than 75 employees or RM 15 Mn sales turnover. For the services sector, less than 30 employees RM 3 Mn</li> <li>• Medium: for the manufacturing sector, less than employees or RM 300 K sales turnover. For the services sector, less than 5 employees</li> </ul>
Maldives	<ul style="list-style-type: none"> <li>• Micro: less than 6 employees, annual income/turnover 500 K MVR</li> <li>• Small: Between 6 and 30 employees, annual income/turnover between 500 K and 5 Mn MVR</li> <li>• Medium: Between 31 and 100 employees, annual income/turnover between 5 Mn and 20 Mn MVR</li> </ul>
Mali	<ul style="list-style-type: none"> <li>•</li> </ul>
Mauritania	<ul style="list-style-type: none"> <li>•</li> </ul>
Morocco	<ul style="list-style-type: none"> <li>• Micro: less than MAD 10 Mn annual turnover</li> <li>• Small and Medium: less than MAD 200 Mn annual turnover</li> </ul>
Mozambique	<ul style="list-style-type: none"> <li>• Micro: Less than 5 employees, 1.2 Mn MZN turnover</li> <li>• Small: between 5 and 49 employees, between 1.2 and 14.7 Mn MZN turnover</li> <li>• Medium: between 50 and 100 employees, between 14.7 and 29.97 Mn MZN turnover</li> </ul>
Niger	<ul style="list-style-type: none"> <li>• Micro: less than 3 employees, 10 Mn FCFA annual turnover</li> <li>• Small: between 4 and 10 employees, between 10 and 50 Mn FCFA annual turnover, 1 Mn FCFA minimum investment</li> </ul>

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	<ul style="list-style-type: none"> <li>• Medium: between 11 and 50 employees, between 50 and 500 Mn FCFA annual turnover, 5 Mn FCFA minimum investment</li> </ul>
Nigeria	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, 10 Mn Naira assets</li> <li>• Small: between 10 and 49 employees, 10 and 100 Mn Naira assets</li> </ul>
Oman	<ul style="list-style-type: none"> <li>• Medium: between 50 and 199 employees, 100 Mn and 1 Bn Naira assets</li> <li>• Micro: less than 10 employees, 150 K OMR annual revenue</li> <li>• Small: between 11 and 50 employees, 150 K and 1.25 Mn OMR annual revenue</li> </ul>
Pakistan	<ul style="list-style-type: none"> <li>• Medium: between 51 and 150 employees, 1.25 Mn and 5 Mn OMR annual revenue</li> <li>• Start-up: Any SME younger than 5 years</li> <li>• Small: between PKR 150 Mn and 800 Mn annual sales turnover</li> </ul>
Qatar	<ul style="list-style-type: none"> <li>• Medium: between PKR 800 Mn and 800 Mn annual sales turnover</li> <li>• Micro: Less than 5 employees, less than 10 employees for construction. 1 Mn QAR annual turnover for agriculture, creative industries, 3 Mn for manufacturing, construction, trade, and other services</li> <li>• Small: Between 6 and 30 employees for agriculture and creative industries, 11 and 50 for construction, and 6 and 50 for manufacturing, trade, and other services. Between 3 and 20 Mn QAR annual turnover for manufacturing, construction, trade, and other services, between 1 and 20 for agriculture and creative industries.</li> <li>• Medium: Between 31 and 250 employees for agriculture, between 31 and 100 for creative industries, and 51 and 250 for construction, manufacturing, trade, and other services. Between 20 and 100 Mn QAR annual turnover</li> </ul>
Saudi Arabia	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees, 3 Mn SR revenue</li> <li>• Small: Between 6 and 49 employees, between 3 and 40 Mn SR revenue</li> <li>• Medium: Between 50 and 240 employees, between 40 and 200 Mn SR revenue</li> </ul>
Senegal	<ul style="list-style-type: none"> <li>• Entrepreneur: annual turnover less than 60 Mn FCFA for commercial, 40 Mn FCFA for artisanal, 30 Mn for services sectors.</li> <li>• Very Small: 1 employee (except the entrepreneur), less than 100 Mn FCFA annual turnover</li> <li>• Small: Between 100 and 500 Mn FCFA annual turnover</li> <li>• Medium: Between 500 Mn and 2 Bn FCFA annual turnover</li> </ul>
Sierra Leone	<ul style="list-style-type: none"> <li>• Small: Less than 100 Mn Leones annual turnover</li> <li>• Medium: between 100 and 500 Mn Leones annual turnover</li> </ul>
Somalia	<ul style="list-style-type: none"> <li>•</li> </ul>
Suriname	<ul style="list-style-type: none"> <li>• Small: Less than 150 employees for primary, 100 for industry, 50 for services and SRD 3 Mn revenue or asset</li> <li>• Medium: Less than 250 employees for primary, 200 for industry, 100 for services and SRD 10 Mn revenue or asset</li> </ul>
Syria	<ul style="list-style-type: none"> <li>•</li> </ul>
Tajikistan	<ul style="list-style-type: none"> <li>• Small: less than 500 K Somoni gross turnover</li> <li>• Medium: Between 500 K and 15 Mn Somoni gross turnover</li> </ul>
Togo	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees for industry, agriculture, mining and services, less than 5 employees for retail and wholesale. 30 Mn FCFA annual turnover or 20 Mn FCFA total balance for industry and agriculture, 30 Mn FCFA annual turnover or 10 Mn FCFA total balance for retail, services and mining, 30 Mn FCFA annual turnover or 15 Mn FCFA total balance for wholesale</li> <li>• Small: less than 50 employees for industry and agriculture, less than 30 employees for mining, services, trade, and wholesale. 250 Mn FCFA annual turnover or 250 Mn FCFA total balance for industry and agriculture, 100 Mn FCFA annual turnover or 75 Mn FCFA total balance for mining and services, 100 Mn FCFA annual turnover or 50 Mn FCFA total balance for retail, 200 Mn FCFA annual turnover or 150 Mn FCFA for wholesale.</li> <li>• Medium: less than 100 employees for industry and agriculture, less than 50 employees for mining, services, trade, and wholesale. 500 Mn FCFA annual turnover or 750 Mn FCFA total balance for industry and agriculture, 250 Mn FCFA annual turnover or 250 Mn FCFA total balance for mining, services, retail, and wholesale</li> </ul>
Tunisia	<ul style="list-style-type: none"> <li>• Micro: less than 6 employees, TND 15 Mn total assets</li> <li>• Small: less than 49 employees, TND 15 Mn total assets</li> <li>• Medium: less than 199 employees, TND 15 Mn total assets</li> </ul>
Türkiye	<ul style="list-style-type: none"> <li>• Micro: less than 10 employees, 10 Mn TRY annual revenue or annual balance</li> <li>• Small: less than 10 employees, 100 Mn TRY annual revenue or annual balance</li> <li>• Medium: less than 250 employees, 500 Mn TRY annual revenue or annual balance</li> </ul>
Turkmenistan	<ul style="list-style-type: none"> <li>• Micro: less than 15 employees for electric, construction, gas and water supply, less than 10 employees for other industries</li> </ul>

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	<ul style="list-style-type: none"> <li>• Small: less than 50 employees for electric, construction, gas and water supply, less than 25 employees for other industries</li> <li>• Medium: less than 200 employees for electric, construction, gas and water supply, less than 100 employees for other industries</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>• Micro: less than 4 employees, 10 Mn Ushs capital investment, 10 Mn Ushs capital turnover</li> <li>• Small: Between 5 and 49 employees, 10 and 100 Mn Ushs capital investment, 10 and 100 Mn Ushs capital turnover</li> <li>• Medium: Between 50 and 100 employees, 100 and 360 Mn Ushs capital investment, 100 and 360 Mn Ushs capital turnover</li> </ul>
United Arab Emirates	<ul style="list-style-type: none"> <li>• Micro: less than 5 employees for the trading and service sector, less than 10 employees for the manufacturing sector, AED 3 Mn annual revenue for trading and manufacturing sector, 2 Mn for Service</li> <li>• Small: between 6 and 50 employees for trading and service sector, 10 and 100 employees for manufacturing sector, AED 50 Mn annual revenue for trading and manufacturing sector, 20 Mn for Service</li> <li>• Medium: between 51 and 200 employees for trading and service sector, 101 and 250 employees for manufacturing sector, AED 250 Mn annual revenue for trading and manufacturing sector, 200 Mn for Service</li> </ul>
Uzbekistan	<ul style="list-style-type: none"> <li>• Individual: less than 3 employees</li> <li>• Micro: between 3 and 20 employees</li> <li>• Small: between 20 and 200 employees</li> </ul>
Palestine	<ul style="list-style-type: none"> <li>• Micro: less than 4 employees, USD 20 K annual turnover, USD 5 K paid-up capital</li> <li>• Small: between 5 and 9 employees, USD 200 K annual turnover, USD 50 K paid-up capital</li> <li>• Medium: between 10 and 19 employees, USD 500 K annual turnover, USD 100 K paid-up capital</li> </ul>
Yemen	<ul style="list-style-type: none"> <li>• Micro: less than 3 employees</li> <li>• Small: between 4 and 9 employees</li> <li>• Medium: between 10 and 50 employees</li> </ul>

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### 4.3 Responsible Bodies and Critical Actors

Effective governance and support structures are essential to empower SMEs, enabling them to navigate the challenges and opportunities within their respective economies. Public institutions, often established by governments, provide regulatory frameworks, access to finance, and business development services. Private institutions, including chambers of commerce and industry associations, complement these efforts by offering networking opportunities, advocacy, and industry-specific support. These institutions serve as the linchpin in the support ecosystem, as they possess the expertise and mandate to comprehensively understand, advocate for, and act on behalf of SMEs.

These specialized institutions are tasked with developing and implementing multifaceted support mechanisms that target the specific needs of SMEs. These mechanisms encompass strategies, policies, programs, and initiatives aimed at facilitating SME internalization, fostering growth, and ensuring long-term sustainability. By virtue of their focus and expertise, these institutions can provide SMEs with invaluable guidance, resources, and assistance, ultimately enabling them to overcome hurdles and thrive in the global marketplace.

When focused on the OIC countries, it is seen that significant differences among member countries in terms of the number and scope of the institutes (Table 4.2). These variations are closely linked to each country's economic development status, priorities, and commitment to fostering entrepreneurial growth.

According to the table, countries like Benin, Burkina Faso, Cameroon, Gabon, Guinea, Senegal and Indonesia established specialized ministries with a primary focus on SME development. On the other hand, some OIC member nations have chosen to set up distinct government institutions explicitly designed to provide comprehensive support for SMEs. Among these countries are Nigeria, Algeria, Egypt, Saudi Arabia, Azerbaijan, and Pakistan. Additionally, a majority of OIC member countries leverage trade chambers as instrumental tools in bolstering SMEs. These chambers serve as platforms for networking, advocacy, and resource access, further enhancing the prospects of SMEs across diverse sectors.

In Türkiye, Indonesia, Malaysia, Uzbekistan, Azerbaijan, and Tajikistan, there are varying degrees of institutional infrastructure designed to bolster SMEs. These institutions encompass a wide spectrum, including chambers of commerce, industry-specific agencies, and development funds. In each of these countries, economic development has played a significant role in shaping the number and diversity of these institutions. More economically advanced nations like Malaysia and Türkiye boast extensive networks of organizations tailored to SME needs, reflecting their higher economic standing.

Meanwhile, countries like Tunisia, Algeria, Morocco, and Egypt in the North African region have fostered robust ecosystems of SME support institutions. These institutions range from chambers of commerce to export promotion agencies, aligning with their economic development objectives.

In the Gulf region, the United Arab Emirates, Saudi Arabia, and Qatar showcase the impact of substantial economic resources on SME support. These countries have established a multitude of institutions that offer services, contributing to the growth of SMEs.

Albania, Nigeria, and Senegal, although at different stages of economic development, have recognized the important role SMEs play in driving economic growth and employment. As a result, they have set up institutions to provide essential support and resources to these enterprises.

At this point, it's important to acknowledge the intricate two-sided relationship between the existence of these institutions and a country's level of economic development. On one hand, more economically developed countries tend to establish a greater number of well-qualified institutions dedicated to SME support. This is often a reflection of their financial capacity, infrastructure, and overall economic stability.

On the other hand, well-established institutions play a key role in propelling economic growth. They provide a stable and supportive environment for SMEs to thrive, driving innovation, job creation, and increased productivity. These institutions offer a wide range of services, including access to financing, mentorship, market access, and regulatory guidance, all of which are crucial for the success of SMEs.

This interplay between economic development and institutional support creates a positive feedback loop. As a country's economy grows, it can allocate more resources to develop

specialized institutions that, in turn, contribute to further economic expansion. Therefore, it's a dynamic relationship where both factors continuously reinforce each other, ultimately fostering sustainable economic development.

**Table 4.2. Key National Stakeholders and Private Entities Engaged in SME Support**

OIC Region	Country	Organization
Africa	Benin	Chamber of Commerce & Industry of Benin
Africa	Benin	The Ministry of Small and Medium Enterprises and Employment Promotion
Africa	Burkina Faso	The Agency for Financing and Promotion of Small and Medium-Sized Enterprises (AFP-PME)
Africa	Burkina Faso	Ministry of Industrial Development, Trade, Handicrafts and Small and Medium Enterprises
Africa	Burkina Faso	The House of Enterprise of Burkina Faso
Africa	Burkina Faso	Burkina Faso Chamber of Commerce, Industry & Handicrafts
Africa	Cameroon	Ministry Of Small and Medium-Sized Enterprises, Social Economy and Handicrafts (MINPMEESA)
Africa	Cameroon	the Agency for the Promotion of Small and Medium-sized Enterprises (APME)
Africa	Cameroon	The Cameroonian Bank of Small and Medium Enterprises
Africa	Cameroon	the Groupement Inter-Patronal du Cameroun (GICAM)
Africa	Cameroon	Ministry of Trade
Africa	Cameroon	Chamber of Commerce, Industry, Mines and Crafts of Cameroon
Africa	Chad	Chamber of Commerce, Industry, Agriculture, Mines & Handicrafts of Chad
Africa	Chad	the General Confederation of Small and Medium Enterprises of Chad
Africa	Chad	National Agency for Investments and Exports-ANIE
Africa	Cote d'Ivoire	Chamber of Commerce and Industry of Côte d'Ivoire
Africa	Cote d'Ivoire	The Ministry for the Promotion of SMEs, Handicrafts and the Transformation of the Informal Sector
Africa	Cote d'Ivoire	the Ivorian Federation of Small and Medium Enterprises (FIPME)
Africa	Cote d'Ivoire	Ivory Coast SME Agency
Africa	Cote d'Ivoire	Ministry of Commerce, Craft and SME Promotion of Côte d'Ivoire
Africa	Cote d'Ivoire	The Loan Guarantee Fund for SMEs (FGPME)
Africa	Gabon	Chamber of Commerce, Agriculture, Industry, Mining and Crafts of Gabon
Africa	Gabon	Agence Nationale de Promotion des Investissements du Gabon (ANPI-GABON)
Africa	Gabon	Ministry of Trade, Small and Medium Enterprises
Africa	Gambia	Ministry of Trade, Industry, Regional Integration and Employment
Africa	Gambia	Ministry of Finance and Economic Affairs
Africa	Gambia	The Gambia Investment & Export Promotion Agency (GIEPA)
Africa	Gambia	Gambia Chamber of Commerce and Industry
Africa	Guinea	Chamber of Commerce, Industries & Agriculture of the Republic of Guinea
Africa	Guinea	Ministry of Economy and Finance
Africa	Guinea	Ministry of Industry, Small and Medium Enterprises and Private Sector Promotion
Africa	Guinea	Direction Nationale Des PME et du Contenu Local - Guinee
Africa	Guinea Bissau	Chamber of Commerce, Industries & Agricultural of Guinea Bissau
Africa	Guinea Bissau	Ministry of Finance
Africa	Guinea Bissau	Ministry of Trade and Industry
Africa	Mali	Chamber of Commerce & Industry of Mali
Africa	Mali	The National Directorate of Small and Medium Enterprises (DN-PME)
Africa	Mali	Support Program for the Development of Small and Medium-Sized Enterprises (PAD-PME)
Africa	Mali	Ministry of Industry and Commerce
Africa	Mali	Ministry for the Promotion of Private Investment, Small and Medium Enterprises (SME) and National Entrepreneurship
Africa	Mali	Ministry of Economy and Finance
Africa	Mozambique	Confederation of Economic Associations of Mozambique (CTA)
Africa	Mozambique	Mozambique Chamber of Commerce and Industry
Africa	Mozambique	Export & Investment Promotion Agency of Mozambique (APIEX)
Africa	Mozambique	Institute for the Promotion of Small and Medium Enterprises
Africa	Mozambique	Ministry of Industry and Trade
Africa	Niger	The Incubator Center for Small and Medium-Sized Enterprises "CIPMEN"
Africa	Niger	Chamber of Commerce, Agriculture, Industry & Handicrafts of Niger
Africa	Niger	La Maison de l'Entreprise

Africa	Niger	Ministry of Trade, Industry and Youth Entrepreneurship
Africa	Nigeria	The Small and Medium Enterprises Development Agency of Nigeria (SMEDAN)
Africa	Nigeria	Nigeria Association of Small and Medium Enterprises (NASME)
Africa	Nigeria	Nigeria Export-Import Bank (NEXIM)
Africa	Nigeria	National Association of Small-Scale Industrialists (NASSI)
Africa	Nigeria	Nigerian Export Promotion Council (NEPC)
Africa	Nigeria	Federal Ministry of Industry, Trade and Investment
Africa	Nigeria	Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture
Africa	Senegal	Development Agency and Supervision of Small and Medium Enterprises (aDEPME )
Africa	Senegal	Ministry of Industrial Development and Small and Medium Industries
Africa	Senegal	National Union of Chambers of Commerce, Industry and Agriculture of Senegal
Africa	Sierra Leone	the Sierra Leone Small and Medium Enterprises Development Agency (SMEDA)
Africa	Sierra Leone	Sierra Leone Chamber of Commerce, Industry and Agriculture
Africa	Sierra Leone	Sierra Leone Investment & Export Promotion Agency
Africa	Togo	Chamber of Commerce, Agriculture & Industry of Togo
Africa	Togo	l'Agence Nationale de Promotion et de Garantie de Financement des PME/PMI (ANPGF)
Africa	Togo	Togolese Group of Small and Medium Enterprises/Small and Medium Industries (GTPME/PMI)
Africa	Togo	The National Council of Employers of Togo (CNPTOGO)
Africa	Uganda	The Uganda Small Scale Industries Association (USSIA)
Africa	Uganda	Uganda Manufacturers Association
Africa	Uganda	The SME Division (SMED) of Uganda Investment Authority (UIA)
Africa	Uganda	The Uganda Development Bank Limited (UDB)
Africa	Uganda	Uganda National Chamber of Commerce & Industry
Arab	Algeria	Algerian Chamber of Commerce and Industry
Arab	Algeria	the Ministry of Industry
Arab	Algeria	The Guarantee Fund for Loans to SMEs (FGAR)
Arab	Algeria	the National Agency for the Development of SMEs
Arab	Algeria	Ministry of Commerce
Arab	Algeria	The National Agency for the Promotion of Foreign Trade (ALGEX)
Arab	Algeria	The Algerian Society of Fairs and Exports (Safex - SPA)
Arab	Bahrain	Bahrain Chamber of Commerce & Industry
Arab	Bahrain	Export Bahrain
Arab	Bahrain	Ministry of Industry, Commerce & Tourism Kingdom of Bahrain
Arab	Bahrain	Bahrain Economic Development Board
Arab	Comoros	Ministry of Finance, Budget and Banking Sector
Arab	Comoros	National Agency for the Promotion of Investments
Arab	Comoros	Union of Chamber of Commerce, Industry & Agriculture of Comoros
Arab	Comoros	Ministry of Production, Environment, Energy, Industry and Handicrafts
Arab	Djibouti	Chamber of Commerce of Djibouti
Arab	Djibouti	Ministry of Economy and Finance in charge of Industry
Arab	Djibouti	Djibouti Economic Development Fund
Arab	Egypt	Egyptian Micro, Small and Medium Enterprises Development Agency (MSMEDA)
Arab	Egypt	General Authority for Investment and Free Zones
Arab	Egypt	Ministry of Trade and Industry
Arab	Egypt	Export Development Authority
Arab	Egypt	Federation of Egyptian Chambers of Commerce
Arab	Iraq	Federation of Iraqi Chambers of Commerce & Industry
Arab	Iraq	Iraq National Investment Commission
Arab	Iraq	Ministry of Trade
Arab	Jordan	Jordan Chamber of Commerce
Arab	Jordan	Ministry of Industry and Trade
Arab	Jordan	Ministry of Investment
Arab	Jordan	Jordan Export Development & Commercial Centers Corporation (JEDCO)
Arab	Kuwait	The Public Authority of Industry
Arab	Kuwait	Ministry of Commerce and Industry
Arab	Kuwait	Kuwait Chamber of Commerce & Industry
Arab	Kuwait	National Fund for Small and Medium Enterprise (SME) Development
Arab	Kuwait	Kuwait Direct Investment Promotion Authority (KDIPA)
Arab	Lebanon	the Export Platform of the Investment Development Authority of Lebanon (IDAL)
Arab	Lebanon	Chamber of Commerce & Industry & Agriculture in Beirut and Mount of Lebanon
Arab	Lebanon	The Economic and Social Fund for Development (ESFD)

Arab	Lebanon	Trade Information Center
Arab	Lebanon	The Ministry of Economy and Trade
Arab	Libya	General Union of the Chambers of Commerce and Industry and Agriculture
Arab	Libya	Ministry of Economy & Industry
Arab	Libya	The National Program for Small and Medium Enterprises
Arab	Libya	Ministry of Economy & Industry
Arab	Libya	National Industry Promotion Authority
Arab	Mauritania	The Mauritanian Trade Portal
Arab	Mauritania	Chamber of Commerce, Industry & Agriculture of Mauritania
Arab	Mauritania	The Ministry of Trade, Industry, Handicrafts and Tourism
Arab	Morocco	Federation of Moroccan Chambers of Commerce and Industry
Arab	Morocco	National Agency for the Promotion of SMEs (Maroc PME)
Arab	Morocco	TAMWILCOM
Arab	Morocco	Ministry of Industry and Trade
Arab	Morocco	The Moroccan Association of Exporters, "ASMEX"
Arab	Morocco	Moroccan Agency for Export and Investment Promotion (AMDIE)
Arab	Morocco	the Autonomous Establishment for Control and Coordination of Exports (FOODEX)
Arab	Morocco	Craftsman's House
Arab	Morocco	the General Confederation of Moroccan Enterprises (CGEM)
Arab	Oman	The Public Authority for Investment Promotion and Export Development
Arab	Oman	Ministry of Commerce, Industry and Investment Promotion
Arab	Oman	Authority of Small and Medium Enterprises Development
Arab	Oman	Oman Chamber of Commerce & Industry
Arab	Palestine	Federation of Palestinian Chambers of Commerce, Industry and Agriculture
Arab	Palestine	Palestinian Investment Promotion Agency - PIPA
Arab	Palestine	Palestine Trade Center (PalTrade)
Arab	Palestine	Ministry of Economy and Trade
Arab	Qatar	Enterprise Qatar
Arab	Qatar	Ministry of Commerce and Industry
Arab	Qatar	Qatar Development Bank
Arab	Qatar	Qatar Chamber of Commerce and Industry
Arab	Saudi Arabia	The Saudi Export Development Authority, 'SAUDI EXPORTS
Arab	Saudi Arabia	Ministry of Commerce
Arab	Saudi Arabia	the Saudi Industrial Development Fund (SIDF)
Arab	Saudi Arabia	Federation of Saudi Chambers of Commerce and Industry
Arab	Saudi Arabia	The Small and Medium Enterprises General Authority (Monsha'at)
Arab	Saudi Arabia	the Small and Medium Enterprises Bank (SME Bank)
Arab	Saudi Arabia	Saudi EXIM Bank
Arab	Somalia	Ministry of Commerce and Industry
Arab	Somalia	Somali Chamber of Commerce, Industry & Agriculture
Arab	Sudan	the Ministry of Investment
Arab	Sudan	Union of Sudanese Chamber of Commerce
Arab	Sudan	Ministry of Industry and Trade
Arab	Sudan	Sudanese Businessmen and Employers Federation
Arab	Tunisia	Ministry of Trade and Handicrafts
Arab	Tunisia	the Export Promotion Center (CEPEX)
Arab	Tunisia	Tunis Chamber of Commerce and Industry
Arab	Tunisia	Tunisian Union of Industry Commerce & Handicraft
Arab	Tunisia	The Ministry of Industry, Mines and Energy
Arab	UAE	Ministry of Economy
Arab	UAE	Federation of U.A.E. Chamber of Commerce & Industry
Arab	UAE	UAE Exports & Industry Directory
Arab	UAE	Dubai SME
Arab	UAE	Khalifa Fund
Arab	UAE	Emirates Development Bank
Arab	Yemen	Yemen Trade Portal
Arab	Yemen	General Investment Authority
Arab	Yemen	The Small and Micro Enterprise Promotion Service
Arab	Yemen	Small And Micro Enterprise Development Unit
Arab	Yemen	Ministry of Industry and Trade
Arab	Yemen	Federation of Yemen Chambers of Commerce & Industry
Asia	Afghanistan	Ministry of Industry and Commerce

Asia	Afghanistan	Ministry of Economic
Asia	Afghanistan	Afghanistan Chamber of Commerce and Investment (ACCI)
Asia	Afghanistan	Export Promotion Agency of Afghanistan MOCI
Asia	Albania	The Albanian Investment Development Agency (AIDA)
Asia	Albania	Nucleus Albania
Asia	Albania	The Ministry of Finances and Economy
Asia	Albania	International Chamber of Commerce in Albania
Asia	Azerbaijan	The Small and Medium Business (SMB) Development Agency of the Republic of Azerbaijan
Asia	Azerbaijan	Export and Investment Promotion Agency of the Republic of Azerbaijan - AZPROMO
Asia	Azerbaijan	The National Confederation of Entrepreneurs (Employers) Organizations of the Republic of Azerbaijan (ASK)
Asia	Bangladesh	Small and Medium Enterprise Foundation
Asia	Bangladesh	SME & Special Programmes Department (SME&SPD)
Asia	Bangladesh	Bangladesh Investment Development Authority (BIDA)
Asia	Bangladesh	National Association of Small and Cottage Industries of Bangladesh (NASCIB)
Asia	Bangladesh	Federation of Bangladesh Chambers of Commerce & Industry
Asia	Bangladesh	Small and Medium Enterprises Owners Association of Bangladesh
Asia	Brunei D.	The National Chamber of Commerce and Industry Brunei Darussalam
Asia	Brunei D.	The Ministry of Primary Resources and Tourism Entrepreneurial Development Centre
Asia	Brunei D.	Ministry of Finance and Economy
Asia	Guyana	Ministry of Business
Asia	Guyana	The Small Business Bureau (SBB)
Asia	Guyana	Georgetown Chamber of Commerce & Industry
Asia	Indonesia	the Ministry of Cooperatives and Small and Medium Enterprises (KUKM)
Asia	Indonesia	The Indonesia Investment Coordinating Board (BKPM)
Asia	Indonesia	Ministry of Finance of Republic of Indonesia
Asia	Indonesia	Indonesian Chamber of Commerce and Industry
Asia	Iran	Iran Chamber of Commerce, Industries, Mines and Agriculture (ICCIMA)
Asia	Iran	Iran Small Industries and Industrial Parks Organization (ISIPO)
Asia	Iran	Iran Export Promotion Center
Asia	Kazakhstan	Damu Entrepreneurship Development Fund
Asia	Kazakhstan	Association of Microfinance Organizations of Kazakhstan
Asia	Kazakhstan	The National Chamber of Entrepreneurs of the Republic of Kazakhstan "Atameken"
Asia	Kazakhstan	Ministry of Trade and Integration of the Republic of Kazakhstan
Asia	Kyrgyzstan	The Ministry of Economy
Asia	Kyrgyzstan	The Chamber of Commerce and Industry of the Kyrgyz Republic
Asia	Malaysia	SME Corporation Malaysia (SME Corp. Malaysia)
Asia	Malaysia	Small Medium Enterprise Development Bank Malaysia Berhad
Asia	Malaysia	The SMEinfo Portal
Asia	Malaysia	Ministry of Entrepreneur Development and Cooperatives
Asia	Malaysia	Ministry of International Trade and Industry (MITI)
Asia	Malaysia	Small and Medium Enterprises Association of Malaysia
Asia	Malaysia	SME Association of Malaysia
Asia	Malaysia	National Chamber of Commerce and Industry of Malaysia
Asia	Maldives	Ministry of Economic Development
Asia	Maldives	SME Development Finance Corporation
Asia	Maldives	SME and Entrepreneur Federation of Maldives
Asia	Maldives	Maldives National Chamber of Commerce and Industry
Asia	Pakistan	Export Import Bank of Pakistan (EXIM Bank of Pakistan)
Asia	Pakistan	The SME Bank
Asia	Pakistan	Small and Medium Enterprises Development Authority (SMEDA)
Asia	Pakistan	Ministry of Commerce
Asia	Pakistan	Pakistan Institute of Trade and Development (PITAD)
Asia	Pakistan	Export Development Fund (EDF)
Asia	Pakistan	Federation of Pakistan Chambers of Commerce & Industry
Asia	Pakistan	The Trade Development Authority of Pakistan (TDAP)
Asia	Suriname	Ministry of Trade, Industry & Tourism
Asia	Suriname	The Chamber of Commerce and Industry
Asia	Tajikistan	Ministry Of Economic Development and Trade
Asia	Tajikistan	the Chamber of Commerce and Industry of the Republic of Tajikistan
Asia	Türkiye	the Foreign Economic Relations Board of Türkiye (DEİK)
Asia	Türkiye	Turkish Exporters Assembly (TİM)

Asia	Türkiye	Small and Medium Enterprises Development Organization of Türkiye (KOSGEB)
Asia	Türkiye	Export Credit Bank of Türkiye (EXIM Bank)
Asia	Türkiye	Türkiye Ministry of Trade
Asia	Türkiye	The Union of Chambers and Commodity Exchanges of Türkiye (TOBB)
Asia	Türkiye	Ministry of Industry and Technology
Asia	Türkiye	Confederation of Turkish Craftsmen and Tradesmen (TESK)
Asia	Turkmenistan	Ministry of Trade and Foreign Economic Relations
Asia	Turkmenistan	The Export Platform of Turkmenistan
Asia	Turkmenistan	The State Bank for Foreign Economic Affairs of Turkmenistan
Asia	Turkmenistan	Chamber of Commerce and Industry of Turkmenistan
Asia	Turkmenistan	The Ministry of Finance and Economy of Turkmenistan
Asia	Uzbekistan	the Chamber of Commerce and Industry
Asia	Uzbekistan	Small Businesses and Private Entrepreneurship's Export Promotion Fund
Asia	Uzbekistan	the Ministry of Investment and Foreign Trade of the Republic of Uzbekistan

#### 4.4 Policy Framework

SMEs encounter various obstacles while globalizing themselves. For example, SMEs must comply with complex customs and border control procedures, as well as strict regulations and non-tariff barriers, which pose difficulties for their internationalization. Additionally, the need for improved infrastructure, including efficient logistics and transport networks, is crucial for facilitating the movement of goods and services across borders. However, the most common and crucial challenge SMEs face is defined as limited access to finance in terms of cost and availability.<sup>9</sup> It is seen that the amount of loans and deposits by banking sector are obviously low, which shows that SMEs are underfunded in Middle East and North Africa OIC Countries (COMCEC, 2016).<sup>10</sup> However, governments and certain financial institutions such as Multilateral Development Banks (MDBs) help SMEs to access to finance while providing loans and funds for projects.

As mentioned before, OIC member countries exhibit differences in terms of the number and scope of the institutes engaged in SME support. These differences are also reflected in the policies implemented among OIC countries. It is hard to document the available policies within every country. Therefore, this section uses survey data conducted by COMCEC.

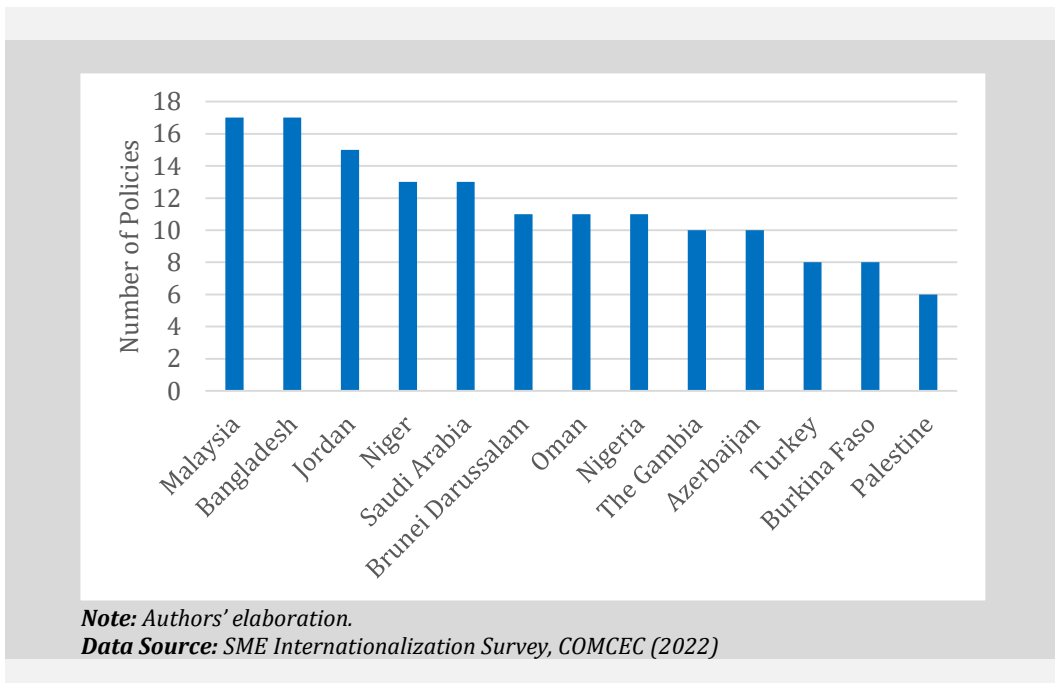
In 2022, COMCEC conducted a survey to gather data regarding the challenges hindering SMEs' internationalization, the strategies to address these challenges, and their effectiveness. It collects information from 13 OIC Member Countries. Figure 4.1 presents the number of SME finance policies applied in each country. Malaysia and Bangladesh are the leading countries, both having 16 SME finance policies. On the contrary, Palestine has the fewest policies, with only 6 in total.

<sup>9</sup> Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2017). SME finance. Available at SSRN 3070705.

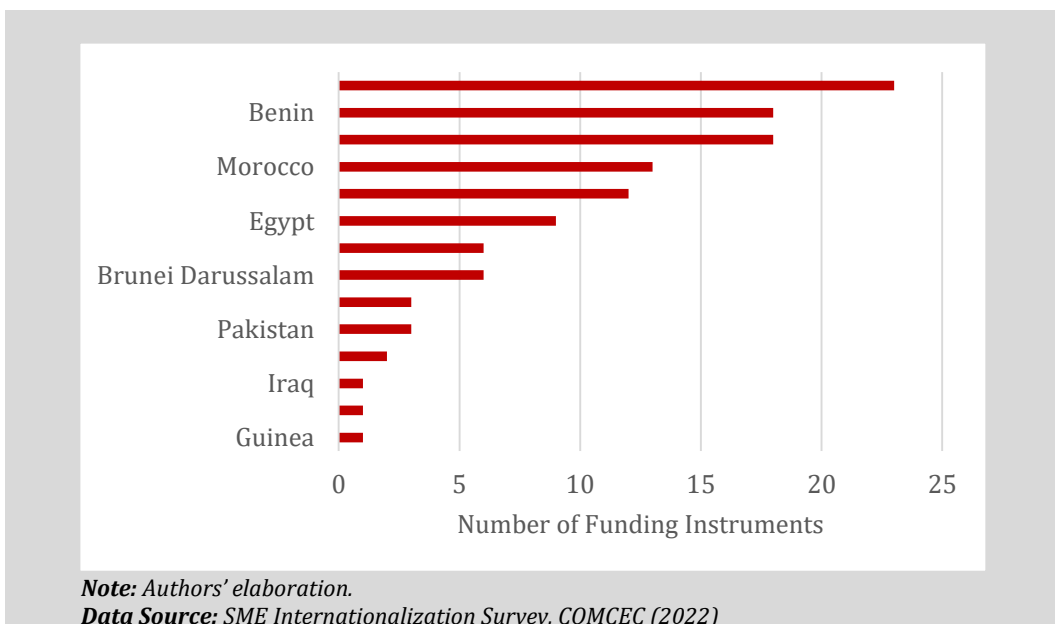
<sup>10</sup> <https://sbb.gov.tr/wp-content/uploads/2018/11/Developing-Islamic-Finance-Strategies-in-the-OIC-Member-Countries%E2%80%8B.pdf>



**Figure 4.1. Number of SME Finance Policies by Country**



**Figure 4.2. Number of Available Funding Instruments by Country**



Funding initiatives for SMEs to facilitate their internationalization efforts vary across OIC countries, reflecting the diverse economic landscapes and priorities within this group. Several

OIC countries have established specialized financial institutions or public SME banks dedicated to providing accessible financing options for SMEs looking to expand into international markets. These institutions offer a range of financial products, including favorable loan terms and guarantees, to support SMEs in their globalization endeavors. The survey searches these offers such as funding. Shows the number of funding instruments by country. Malaysia stands out as the country with the most diverse range of funding instruments within the realm of SME finance policies. Malaysia is followed by Türkiye and Benin, each with 18 instruments. On the contrary, Togo, Pakistan, Nigeria, Iraq, Burkina Faso, and Guinea are in a weaker position with fewer than five instruments (Figure 4.2). The list of funding instruments available in those countries is presented in Table 4.3.

The survey inquired about the policies implemented by government institutions in their respective countries. Table 4.4 provides a list of SME policies, accompanied by the count of OIC countries that have adopted each of these policies. Financial literacy is being actively promoted in 13 countries through socialization programs, workshops, and seminars. This demonstrates a recognition of the importance of equipping SMEs with financial knowledge. 11 countries have established specialized financial institutions dedicated to serving SMEs. This approach aims to provide SMEs with better access to financial services. 10 countries have established public credit bureaus or SME-specific credit risk databases. These institutions can help assess the creditworthiness of SMEs. In 10 countries, there are refinancing facilities where the government provides concessional loans and guarantees through participating financial institutions. This helps ease the financial burden on SMEs. 10 countries are actively working to increase the number of certified public accountants and other professionals who serve SMEs. This can improve SMEs' access to financial expertise. 10 countries have introduced tax incentive schemes that target specific SME sectors. This strategy aims to incentivize growth and development in selected areas of the SME landscape. In 9 countries, public credit guarantee schemes, secured lending regulations, and SME incubation funds have been established. 8 countries offer interest rate subsidies for bank loans to SMEs, reducing the cost of borrowing for small businesses.

**Table 4.3. List of Funding Instruments**

Bank loan: short-term [less than 1 year]	Venture capital: mid-term
Bank loan: mid-term [1–5 years]	Venture capital: long-term
Bank loan: long-term [over 5 years]	Microfinance institutions
Nonbank loan [finance company, pawnshop, etc.]: short-term	Borrowing from family, relatives, and friends
Nonbank loan [finance company, pawnshop, etc.]: mid-term	Borrowing from other companies: parent company
Nonbank loan [finance company, pawnshop, etc.]: long-term	Borrowing from other companies: others
Factoring	Public loan programs: a central government program
Financial leasing	Public loan programs: a local government program
Eximbank credits	Corporate bond and debenture
Trade finance	Equity finance
Crowdfunding	Own funds
Venture capital: short-term	Other

*Data Source: SME Internationalization Survey, COMCEC (2022)*

Additionally, respondents from firms are tasked with providing ratings for policies aimed at enhancing access to finance for SMEs. As seen in Table 4.5, the policy creation of specialized financial institutions for SMEs received the highest average score of 4.50 out of 5, suggesting that establishing specialized financial institutions dedicated to SMEs is considered highly effective in facilitating SME access to finance. With an average score of 4.33, mandatory lending requirements for commercial banks to SMEs are also seen as a significant policy tool to enhance SME finance access. Tax incentive schemes targeted at priority SME sectors received an average score of 4.31, indicating their importance in promoting SME growth.

Besides financial supports, SMEs need additional support mechanisms such as education and capacity building, market research and information, trade promotion and facilitation, technology adoption and innovation, networking and collaboration. The survey also asked to institutions what type of support programs they have. The results are presented in Figure 4.3. According to the responses, market information, consulting with experts, and participation in trade fairs/exhibitions are the top three forms of support provided by institutions in OIC countries. Funding support for exports ranks sixth, supported by seven institutions. Moreover, branding for support is carried out by the fewest number of institutions.

**Table 4.4: Availability of Government Policies for SMEs' Access to Finance**

SME Finance Policies	Number of Countries	Name of the Countries
Socialization programs/workshops/seminars to promote financial literacy for SMEs	13	Palestine, Türkiye, The Gambia, Brunei Darussalam, Oman, Niger, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Burkina Faso, Jordan
Creation of specialized financial institution(s) for SMEs (e.g., public SME bank)	11	The Gambia, Brunei Darussalam, Oman, Niger, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Burkina Faso, Jordan
Public credit bureau and/or SME credit risk database	10	Türkiye,, Brunei Darussalam, Oman, Niger, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Jordan
Refinancing facility (the government provides concessional loans and guarantees through participating financial institutions)	10	Palestine, Türkiye, The Gambia, Oman, Niger, Nigeria, Bangladesh, Malaysia, Burkina Faso, Jordan
Support for developing the base of professionals serving SMEs (e.g., increase the number of certified public accountants (CPAs) serving SMEs)	10	The Gambia, Brunei Darussalam, Oman, Niger, Nigeria, Saudi Arabia, Bangladesh, Malaysia, Burkina Faso, Jordan
Tax incentive schemes for priority SME sectors	10	Palestine, The Gambia, Brunei Darussalam, Oman, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Jordan
Public credit guarantee schemes	9	Türkiye, Niger, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Burkina Faso, Jordan
Laws and regulations on secured lending (including the creation of collateral registries to promote movable asset financing)	9	Türkiye, The Gambia, Brunei Darussalam, Niger, Nigeria, Azerbaijan, Bangladesh, Malaysia, Jordan
Creation of SME incubation fund (providing growth capital to seed firms, start-ups, and entrepreneurs)	9	Palestine, Türkiye, The Gambia, Brunei Darussalam, Saudi Arabia, Bangladesh, Malaysia, Burkina Faso, Jordan

Interest rate subsidy for bank credit to SMEs	8	Palestine, Türkiye, Niger, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Jordan
Support for creating long-term financing venue for SMEs (e.g., SME capital markets (equity finance and/or bond issuance)	8	Brunei Darussalam, Niger, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, Jordan
Support for developing the venture capital industry serving SMEs	8	Brunei Darussalam, Oman, Niger, Saudi Arabia, Bangladesh, Malaysia, Burkina Faso, Jordan
Mandatory lending to SMEs for commercial banks	7	Oman, Niger, Nigeria, Saudi Arabia, Azerbaijan, Bangladesh, Malaysia, The Gambia, Brunei Darussalam,
Support for new financing models (e.g., crowdfunding)	7	Oman, Saudi Arabia, Bangladesh, Malaysia, Jordan
Support for developing trade finance and supply chain finance	7	The Gambia, Oman, Niger, Saudi Arabia, Bangladesh, Malaysia, Jordan
Support for developing nonbank financing instruments (e.g., lease and factoring)	7	Brunei Darussalam, Oman, Niger, Azerbaijan, Bangladesh, Malaysia, Burkina Faso
Support by international organizations such as EBRD/UNDP/EU	7	Palestine, Türkiye, The Gambia, Nigeria, Bangladesh, Malaysia, Jordan

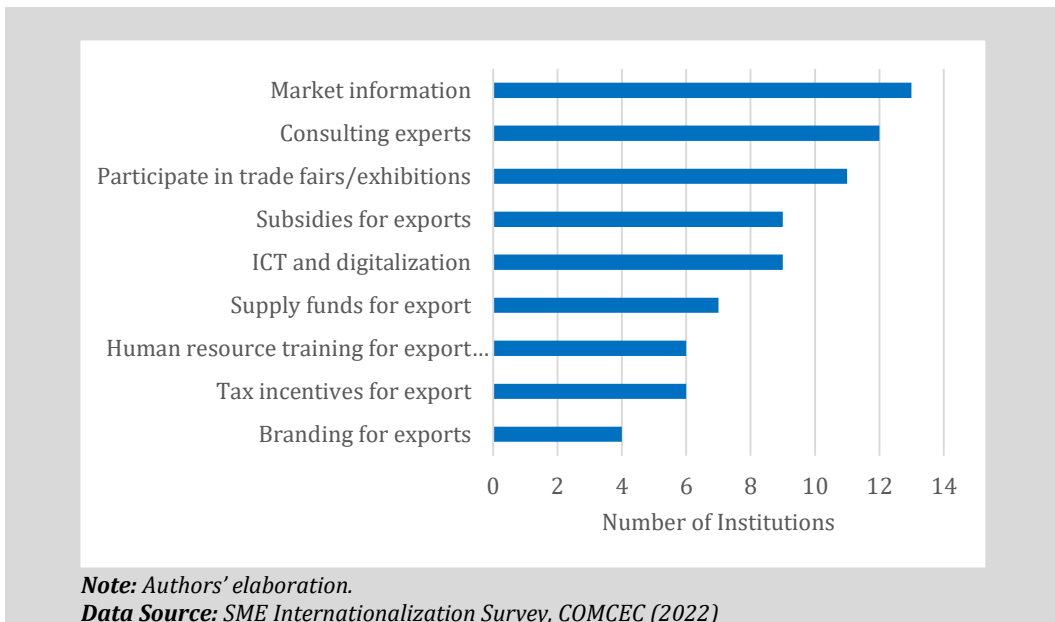
**Data Source:** *SME Internationalization Survey, COMCEC (2022)*

**Table 4.5: Average Score of Government Policies for SMEs Access to Finance**

<b>Government Policies</b>	<b>Average Score</b>
Creation of specialized financial institution(s) for SMEs (e.g., public SME bank)	4.50
Mandatory lending to SMEs for commercial banks	4.33
Tax incentive schemes for priority SME sectors	4.31
Socialization programs/workshops/seminars to promote financial literacy for SMEs	4.25
Creation of SME incubation fund (providing growth capital to seed firms, start-ups, and entrepreneurs)	4.22
Support for developing the venture capital industry serving SMEs	4.19
Interest rate subsidy for bank credit to SMEs	4.17
Support for creating long-term financing venue for SMEs (e.g., SME capital markets (equity finance and/or bond issuance)	4.14
Laws and regulations on secured lending (including the creation of collateral registries to promote movable asset financing)	4.11
Support for developing trade finance and supply chain finance	4.11
Support for new financing models (e.g., crowdfunding)	4.08
Support for developing the base of professionals serving SMEs (e.g., increase the number of certified public accountants (CPAs) serving SMEs)	4.08
Public credit bureau and/or SME credit risk database	4.03
Support by international organizations such as EBRD/UNDP/EU	4.03
Public credit guarantee schemes	4.00
Support for developing nonbank financing instruments (e.g., lease and factoring)	3.89
Refinancing facility (the government provides concessional loans and guarantees through participating financial institutions)	3.81

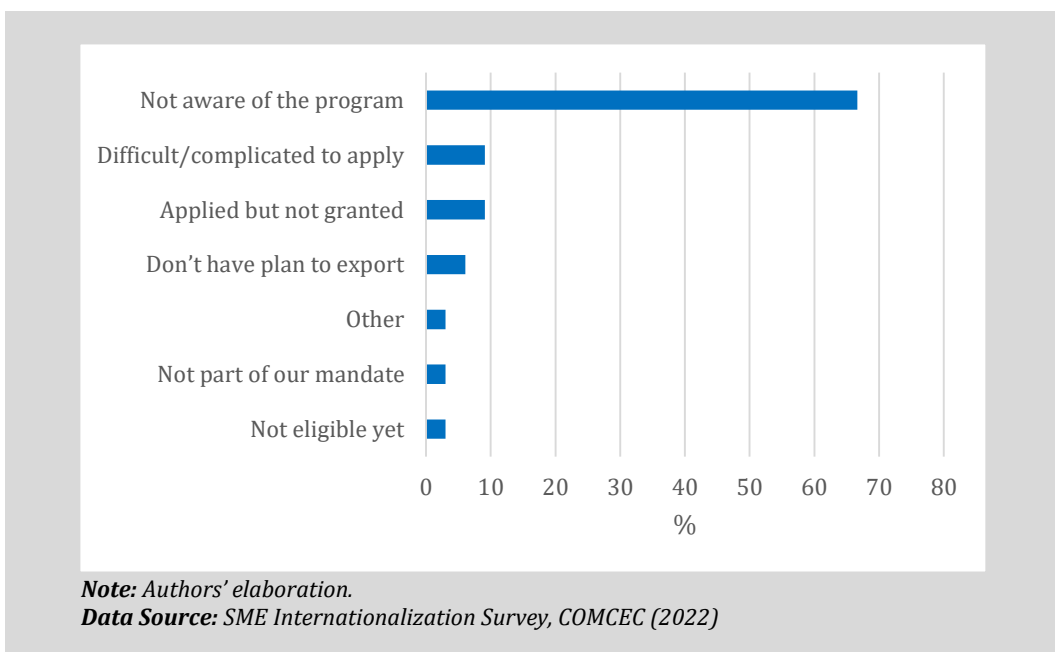
**Data Source:** *SME Internationalization Survey, COMCEC (2022)*

**Figure 4.3. Type of Support Programs**



Despite the availability of numerous support programs for SMEs, SME participation to programs are generally limited in OIC countries. The survey asked about the reason for not participating to the programs. According to Figure 4.4, a significant proportion, nearly 70 percent of the firms, are not even aware of the program (COMCEC, 2022).

**Figure 4.4. Reasons for Not Participating in Any of the Support Programs**



## **4.5 Case Study Countries**

### **4.5.1. Türkiye**

Turkey stands out as one of the pioneering countries in the OIC region for spearheading the establishment of the SME support ecosystem as well as SME internationalization support programs.

#### ***Institutional Framework***

In 1973, the Small Industry Development Center (KÜSGEM) was established as a pilot project within the Ministry of Industry and Trade, based on the International Treaty between the Government of the Republic of Turkey and the United Nations Industrial Development Organization. Initially launched in Gaziantep, it commenced operations by offering community facility workshops tailored for small-scale industrial enterprises. In 1978, the Small and Medium Industry Education Foundation (SEGEM) was initiated, featuring both classroom-based seminars and on-site practical training. The aim was to develop training programs for recent university and higher education graduates, providing them with essential experiences to launch successful professional careers and addressing the specific needs of industrial organizations. SEGEM focused on enhancing the working skills of university graduates through on-the-job training, preparing them for elevated positions within their respective organizations.

Subsequently, KÜSGEM and SEGEM were amalgamated under the auspices of the Small and Medium Enterprises Development Organization (KOSGEB) on April 20th, 1990, as officially published in the Official Gazette with reference number 20498. Initially concentrating on providing services and support exclusively SMEs in the production industry until 2009, KOSGEB expanded its scope in response to the growing added value production and employment opportunities in sectors beyond production. Recognizing the demand from SMEs in non-production sectors, KOSGEB deemed it necessary to broaden its target population, extending its services to encompass all SMEs across the nation.

#### ***Support Programs***

To achieve this, KOSGEB together with other organizations offers a range of SME internationalization support services under Enterprise Development, Growth and Internationalization Supports. The programs under this support scheme are as follows:

1. International Market Support Program: The aim of the program is to develop the skills and capabilities of SME's for entering the foreign markets; to increase in the market share of SME's among foreign markets, to provide SME's to compete in international markets and to increase the number of SME's start to export and do e-commerce.
2. SME Development Support Program: Different business activities including overseas business trips are supported.

3. KOBIGEL – SME Development Support Program: In line with the national and international targets of the country, purpose of the programme is to increase the share and contribution of SME's in the economy and to support the SME projects for improving their competitive power and the added value that they provide.
4. Cooperation Support Program: Cooperation projects which are between SME or between SMEs and large-sized enterprises on the subjects of co-manufacturing to increase capacity, efficiency, product variety and quality, co-development of product and service and co-designing to meet demand of customer and market, co-laboratory to increase quality of product and service, co-marketing to increase market sharing and to create brand image and cooperation to develop capability and to participate to value chain are supported.
5. International Accelerator Support Program: The aim of this program is; to support technological products, R & D and innovation activities carried out in our country, to take place in the international market, to increase exports, to support the establishment of international incubation center and the participation of enterprises in acceleration programs in order to enable domestic technology intensive start-ups to be included in advanced entrepreneurial ecosystems.

There are other support services by KOSGEB that directly or indirectly increase the competitiveness and internationalization capabilities of SMEs as follows:

1. Entrepreneurship Supports:
  - Business Plan Support Program
  - Entrepreneurship Training
  - Traditional Entrepreneur Support Program
  - Advanced Entrepreneur Support Program
2. R&D, Technology, and Local Production Supports:
  - Research & Development, Product Development, and Innovation Support Program
  - SME Technological Product Investment Support Program
  - Strategic Product Support Program
3. SME Finance Supports:
  - Providing loan interest support to SMEs with the aim of boosting production, quality, and standards, addressing financial challenges, creating employment opportunities, and enhancing SMEs' competitiveness. This also includes support for the Vegetables and Fruits Cold Chain Leasing.
4. İŞGEM / TEKMER Programs:
  - Focused on supporting the establishment and operational costs of incubators that provide incubation services to priority enterprises in national plans and programs. These programs encourage cooperation among various stakeholders within the entrepreneurship ecosystem.

The Ministry of Trade, in collaboration with various entities, offers comprehensive support to enhance the export capabilities of firms. Some of the key supports include:

1. Foreign Market Entry Documents Support: Assistance in obtaining essential documents for entry into foreign markets.
2. Foreign Trademark Registration Support: Support for firms in registering trademarks internationally.
3. Market Entry Project Preparation Support: Aid in preparing projects for market entry into foreign markets.
4. Foreign Market Research Support: Assistance in conducting research for foreign markets.
5. International Fair Support: Support for participation in international fairs to showcase products.
6. Brand Promotion and Turquality Supports: Assistance for brand promotion and support through the Turquality program.
7. Global Supply Chain and Multi-Channel Chain Supports: Support for integration into global and multi-channel supply chains.
8. Unit Rental in a Foreign Country Support: Assistance in renting units in foreign countries for business operations.
9. Design and Product Development Supports: Support for design and product development activities.
10. Export Consortium Support: Assistance for SMEs collaborating in export consortia.
11. Services Export Supports: Support for SMEs engaged in service exports.

Eximbank contributes to SME internationalization by providing various financial instruments, including Short Term Export Credits (e.g., SME Export Preparation Loan), Medium Long Term Export Loans (e.g., brand credits), and equity guarantees. Additionally, Export Development Inc. facilitates credit provision to SME exporters, particularly those facing difficulty in accessing financing, through guarantees backed by HDI equity capital.

The Credit Guarantee Fund extends diverse supports for SME internationalization, including the Export Support Package. This package is designed to boost export volumes and encourage more companies to engage in exporting, offering assistance to SMEs operating in export or foreign exchange sectors and those with export potential but currently not exporting.

#### **4.5.2. Malaysia**

Malaysia is one of the leading countries in fostering an SME support ecosystem among OIC countries in Asia group of the OIC countries.

##### ***Institutional Framework***

The first agency responsible from SME support was established in 1996 named as the Small and Medium Industries Development Corporation (SMIDEC) under the Ministry of International



Trade and Industry (MITI). The aim of the organization was to support the development and competitiveness of SMEs by various her support programs. In 2004, the National SME Development Council (NSDC) was established as the highest policy-making body to improve SME access to finance, provide SME advisory, information, training, and marketing services, and create a comprehensive SME database. In 2009, SME Corporation Malaysia (SME Corp. Malaysia) replaced SMIDEC, with a new focus on entrepreneurship and SME development. Moreover, National Entrepreneur and SME Development Council (NESDC) replaced NSDC in 2019.

Currently, SME Corp. Malaysia is working under the Ministry of Entrepreneur and Cooperatives Development (MECD) with the mandate of promoting the development of competitive, innovative and resilient SMEs through effective coordination and provision of business support. SME Corp. Malaysia provides business advisory services and information to SMEs and entrepreneurs through its SME Hub.

### ***SME Internationalization Support Programs***

There are different types of support programs either run by SME Corp. Malaysia or joint with other ministries/agencies. There are integrated platforms, grant programs, capacity building and training-based programs and many other types of supports to SMEs for improving their internationalization. They are listed as below:

- Glocal Linkages SME Program (GLOSMEP): run by SME Corp and based on an integrated platform for MSMEs.
- The MatchMe platform: GLOSMEP's sub-program supporting MSMEs' access to the new standard's markets.
- The SME Go Global Program: supports local export-ready SMEs. With various types of support such as market linkage services, services from professionals in the field, rental of an overseas sales promotion office, supply chain management activities etc.
- The National Mark of Malaysian Brand: a certification system and awarded SMEs access to local and international trade promotion is facilitated.
- MyAssist MSME@SME Hub: an online platform for MSMEs to gain knowledge, learn best business practices, and get vital information on business start-ups, market access, human capital development, financial resources, industry know-how, and various other business aspects.
- OSC-MECD: provides targeted information to MSMEs and run by SME Corp. Malaysia with the participation of multi-institutions.
- The Bumiputera Export Promotion Program (GEB): based on capacity building initiatives.
- Business Export Program (BEP): an interagency cooperation program providing business matching and funding.
- Bumiputera Initiative for Globalization: a comprehensive multi-institution development program to promote export capability.
- Exporters Development Programs of MATRADE: organize various events in 2021 under different themes to enhance exports:

- Bumiputera, Women and Youth (20 events)
- Exporters advisory (25 events)
- Etrade 2.0 (36 events)
- Mid-tier companies (10 events)
- Exporters training (40 events)
- Services export fund (24 events)
- Business information center (28 events)
- MyExport (4 events)
- Market development grant (10 events)
- MEEC (7 events)
- x-SEED (25 events)
- eCommerce Ecosystem (3 events)
- The Bumiputera, Women, Youth and Exporters Development Program: based on training, market information, capacity building, and one-on-one counseling for bumiputera, women, and youth exporters.

#### **4.5.3. Morocco**

In Morocco, SMEs play a significant role in the economy. As of 2020, a substantial 86.8 percent of businesses employ a workforce of no more than 10 individuals, while those with 11 to 50 employees also contribute significantly. Notably, the presence of large firms employing over 500 individuals is minimal, accounting for only 0.3 percent of the business landscape.

##### ***Institutional Framework***

The institutional framework supporting SMEs in Morocco was established with the creation of the National Agency for the Promotion of Small and Medium Enterprises (Morocco SME) under Law 53-00.

Subsequent developments include the establishment of FOMAN, a consulting and technical assistance entity for SMEs, in 2006 and a government program in 2008 aimed at modernizing business competitiveness. Oversight of SME policy is conducted by the Ministry of Industry, Investment, Trade, and Digital Economy through the PNEI (2009-2015) and the Industrial Acceleration Plan (2014-2020, extended to 2023). A national strategy in 2011 focused on simplifying the tax system, adjusting social contributions, expanding social security coverage, and introducing specialized banking products. Incentives for small businesses included a significant reduction in corporate income tax and tax benefits for formalization. In 2015, measures were introduced to reduce informality among MSMEs, accompanied by tax and social benefits. The Finance Act of 2019 further reduced the tax rate for self-employed entrepreneurs and opened public procurement to this segment, enhancing opportunities in the economic landscape.

### ***SME Internationalization Support Programs***

Morocco SME provides a range of programs aimed at enhancing the competitiveness of MSMEs. While these initiatives focus on improving domestic competitiveness, Morocco SME does not offer direct support for the internationalization of SMEs. On the other hand, the Moroccan Agency for Investment and Export Development (AMDIE) does not have specific support programs tailored exclusively for MSMEs. Nevertheless, MSMEs can leverage several of AMDIE's existing support programs to facilitate their growth and development, thereby benefiting from the broader assistance provided by AMDIE in the realm of investment and export activities. The major programs for SMEs are listed below:

- The TATWIR/STARTUP Program is designed to assist start-ups with innovative industrial projects or high-value-added services for the industry. Morocco SME offers comprehensive support throughout the entire lifecycle of startup industrialization projects.
- The NAWAT Program provides long-term support to very small enterprises, with the backing of quality experts, technical advisors, and international donors.
- The ISTITMAR Program targets SMEs of any size undertaking large-scale development projects. Moroccan SME consultants guide companies through the application process, and Maroc PME provides financial contributions to investment projects. In 2020, the program benefited 229 projects, marking a 50 percent increase from 2019, with total investments reaching 2.8 billion dirhams.
- The MOWAKABA program facilitates companies in their global transformation through expertise and technical assistance, digital transformation, and support for creativity and co-development projects. In 2020, 590 projects received support, attracting a total private investment of 114.5 MDH. To enhance support services, the Moroccan SME Agency is establishing a digital platform connecting business advisors, consultants, and specialized industry experts with the requisite skills and experience.
- Companies and service providers can gain commercial visibility, access new markets, and offer more attractive services to clients by participating in the Skills Transfer Platform (PTC), thanks to the agency's financial contribution.
- Operational Excellence: This program is designed to enhance competitiveness and advance the operational performance of companies.
- Market/Product Development: Focused on strengthening innovation capacity, this initiative aims to develop new products or markets both domestically and internationally, or through collaborations with contractors.
- Business Restructuring: Geared towards restructuring and revitalizing companies for improved viability and competitiveness, this program also emphasizes enhancements in corporate governance.
- Digital Transformation: This program offers support for the digital development of companies, facilitating the deployment of solutions for digital transformation.

AMDIE actively facilitates the internationalization of SMEs by promoting exports and engaging with international exhibition centers. The support provided by AMDIE for export promotion includes:

- Recruitment of New International Customers
- Networking Moroccan Exporters with Foreign Contractors and Institutional Players in Target Markets
- Internationalization of Moroccan Investors
- Export Financing and Hedging Solutions
- Provision of Data on Promising Foreign Markets

Furthermore, AMDIE contributes to the internationalization of SMEs through international exhibition centers by:

- Offering Exhibition Space for National and Foreign Organizers
- Organizing Investment and Export Events
- Providing Expertise to Exhibitors at National and Inte

#### **4.5.4. Nigeria**

Nigeria stands out as one of the most promising developing countries globally in terms of economic growth. Notably, it surpassed South Africa to become Africa's largest economy, as reported by the IMF in 2018. The significant contribution of Nigerian MSMEs is evident, constituting nearly 50 percent of the country's GDP and playing a pivotal role in generating over 80 percent of employment opportunities within the nation.

##### ***Institutional Framework***

Since 2003, a series of efforts has been undertaken to promote MSMEs in Nigeria. Key initiatives include the establishment of the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), the implementation of the National Enterprise Development Program (NEDEP), the formation of National and State Councils for MSMEs, revisions to the National MSME Policy, and various funding opportunities from institutions like the Central Bank of Nigeria (CBN) and other development banks. In 2012, the National Competitiveness Council (NCC) was created to oversee the implementation of the MSME Policy with the goal of positioning Nigeria's MSMEs on an internationally competitive stage.

The revised National Policy on MSMEs in 2021 aims to create, nurture, and promote conditions conducive to the growth and development of MSMEs. It encompasses seven policy/program areas: Institutional, Legal and Regulatory Framework; Human Resource Development; Technology, Research and Development; Extension and Support Services; Marketing; Infrastructure; and Finance.

### ***SME Internationalization Support Programs***

Several programs have been established by SMEDAN and other institutions to promote the internationalization of SMEs, including:

**Supply Chain Program for SMEs (SPX):** A technical cooperation program initiated by UNIDO, SPX aims to connect domestic SMEs with large and international companies in supply chains in developing countries. SMEDAN and UNIDO jointly developed SPX Nigeria, based in the SMEDAN Business Support Center in Lagos.

**National Enterprise Development Program (NEDEP):** Launched to address challenges such as low access to affordable finance, enterprise development services, inadequate infrastructure, and high business costs. NEDEP includes entrepreneurship and enterprise development training under the One Local Government One Product (OLOP) platform, finance support by the Bank of Industry (BOI), and skills acquisition by the Industrial Training Fund (ITF).

**Export Development Fund (EDF) Scheme:** Initiated by the Nigerian government to provide financial assistance to newly exporting companies. The fund supports various activities such as training, symposiums, market research, trade fairs, and investment forums. It also provides capital for joint export groups and cooperatives with mutual guarantees.

**Export Expansion Grant:** Targeted at already exporting companies, this grant aims to increase exports and enhance global competitiveness. Eligible companies must demonstrate a minimum of 5 million Naira in export sales, operating in the manufacturing sector. The grant amount, ranging from 5 to 15 percent of annual export value, varies based on the product category, and successful exporters receive payment through the export credit certificate instrument.

**Small and Medium Enterprise Export Facility (SMEEF):** Managed through the Nigerian Export-Import Bank (NEXIM), SMEEF supports export-oriented SMEs in the non-oil export value chain. The program seeks to increase financing for SMEs, expand Nigeria's export portfolio, and facilitate industrialization for value-added exports.

## **4.6 Contribution to the Economy**

### **4.6.1. OIC in General**

In this section, the contribution of SMEs to GDP, employment and exports in OIC countries is presented. There is an absence of consolidated regional data that encapsulates the overall SME impact across the entire OIC region. Therefore, insights into SME contributions on a country-by-country basis through tables are provided. However, many OIC member countries struggle with data collection and reporting practices, leading to gaps in our understanding of SMEs' economic significance. This variability in data quality and availability makes it difficult to draw precise comparisons between countries and over time.

We first focus on the GDP contribution, however, as mentioned above, the lack of consistent and comprehensive data makes it harder to accurately assess the contribution of SMEs to the GDP in OIC countries. Table 4.6 reveals that data regarding SME contributions to GDP is unavailable for 17 countries within the OIC. Furthermore, for some countries, data is presented as the value-added contribution by SMEs rather than their GDP contribution.

**Table 4.6. GDP Contribution of SMEs in OIC Countries**

Country	GDP Share	Country	GDP Share	Country	GDP Share	Country	GDP Share
Afghanistan <sup>9</sup>	17.5	Albania <sup>1,11</sup>	76.1	Algeria	-	Azerbaijan <sup>3,11</sup>	26.6
Bahrain <sup>9</sup>	30	Bangladesh <sup>7</sup>	22.4	Benin <sup>4</sup>	50	Brunei Dar. <sup>2,11</sup>	26.7
Burkina Faso <sup>12</sup>	40	Cameroon <sup>11</sup>	36	Chad	-	Comoros	-
Côte d'Ivoire <sup>2,12</sup>	20	Djibouti	-	Egypt <sup>10</sup>	80	Gabon	-
Gambia <sup>6</sup>	20	Guinea	-	Guinea-Bissau	-	Guyana	-
Indonesia <sup>2,11</sup>	60.5	Iran <sup>10</sup>	34	Iraq <sup>8</sup>	66	Jordan <sup>13</sup>	50
Kazakhstan <sup>1,2,14</sup>	31.6	Kuwait <sup>9</sup>	3	Kyrgyz Rep. <sup>2,11</sup>	42.8	Lebanon	-
Libya <sup>13</sup>	5	Malaysia <sup>2,11</sup>	38.2	Maldives <sup>11</sup>	5.7	Mali <sup>9</sup>	55
Mauritania	-	Morocco <sup>14</sup>	29.1	Mozambique	-	Niger	-
Nigeria <sup>2,14</sup>	49.78	Oman <sup>12</sup>	25	Pakistan <sup>2,5</sup>	40	Qatar <sup>3,12</sup>	16
Saudi Arabia <sup>11</sup>	42	Senegal <sup>13</sup>	33	Sierra Leone <sup>11</sup>	70	Somalia	-
Sudan	-	Suriname	-	Syria	-	Tajikistan <sup>9</sup>	30
Togo <sup>11</sup>	80	Tunisia <sup>2,11</sup>	40	Türkiye <sup>1,2,11</sup>	53	Turkmenistan	-
Uganda <sup>12</sup>	80	UAE <sup>3,12</sup>	63.5	Uzbekistan <sup>1,11</sup>	54.9	Palestine <sup>13</sup>	55
Yemen <sup>1,10</sup>	35.7						

**Notes:** <sup>1</sup>: Gross Value Added <sup>2</sup>: MSME <sup>3</sup>: Non-oil-gas sector <sup>4</sup>:2008 <sup>5</sup>:2011 <sup>6</sup>:2013 <sup>7</sup>:2014 <sup>8</sup>:2016 <sup>9</sup>:2017 <sup>10</sup>:2018 <sup>11</sup>:2021 <sup>12</sup>:2022 <sup>13</sup>: No year information <sup>14</sup>:2020

Among OIC nations, there is considerable diversity in the GDP share of SMEs. Some countries, like *Albania*, showcase a robust SME sector, contributing a substantial 76.1 percent to their GDP. Conversely, countries such as Libya report lower percentages, with SMEs contributing just 5 percent.

Certain countries stand out as notable examples of SME-driven economies. Indonesia, for instance, reports a remarkable 60.5 percent contribution to its GDP, highlighting the key role of SMEs in its economic landscape. Similarly, Egypt boasts an 80 percent contribution, underscoring the significance of SMEs in the Egyptian economy. On the other hand, Türkiye demonstrates a robust 53 percent share, showcasing its position as a thriving hub for SMEs in the region.

Since they are known for their flexibility and ability to adapt to changing economic conditions and serve as significant contributors to employment, SMEs another important contribution to countries' economies is generating employment opportunities. Table 4.7 presents the contribution of SMEs to employment in OIC countries. The availability of data problems is also

evident from the table. We could not obtain employment share data for 18 countries within the OIC. Moreover, definition differences also persist for employment share.

**Table 4.7. Employment Contribution of SMEs in OIC Countries**

Country	Emp. Share	Country	Emp. Share	Country	Emp. Share	Country	Emp. Share
Afghanistan <sup>8</sup>	19.5	Albania <sup>11</sup>	81.6	Algeria	-	Azerbaijan <sup>1,2,11</sup>	41.8
Bahrain <sup>8</sup>	56	Bangladesh <sup>1,5</sup>	85.9	Benin	-	Brunei Dar. <sup>1,10</sup>	55.7
Burkina Faso	-	Cameroon <sup>10</sup>	60	Chad	-	Comoros <sup>10</sup>	20
Côte d'Ivoire <sup>1,13</sup>	23	Djibouti	-	Egypt <sup>3,9</sup>	75	Gabon	-
Gambia <sup>1,5</sup>	60	Guinea <sup>1,10</sup>	80	Guinea-Bissau	-	Guyana	-
Indonesia <sup>10</sup>	96.9	Iran <sup>9</sup>	44	Iraq	-	Jordan <sup>15</sup>	60
Kazakhstan <sup>1,11</sup>	38.6	Kuwait <sup>7</sup>	23	Kyrgyz Rep <sup>1,12</sup>	49.3	Lebanon <sup>1,15</sup>	50
Libya <sup>4</sup>	11	Malaysia <sup>1,11</sup>	47.8	Maldives <sup>10</sup>	26	Mali <sup>9</sup>	96
Mauritania	-	Morocco <sup>9</sup>	50	Mozambique <sup>1,12</sup>	1.3	Niger	-
Nigeria <sup>1,11</sup>	87.9	Oman	-	Pakistan <sup>1,9</sup>	72	Qatar	-
Saudi Arabia <sup>12</sup>	62	Senegal <sup>15</sup>	42	Sierra Leone <sup>11</sup>	84	Somalia	-
Sudan	-	Suriname <sup>10</sup>	60	Syria	-	Tajikistan <sup>8</sup>	35
Togo	-	Tunisia <sup>1,12</sup>	56	Türkiye <sup>12</sup>	71	Turkmenistan	-
Uganda	-	UAE <sup>3,14</sup>	86	Uzbekistan <sup>1,12</sup>	86	Palestine	85
Yemen <sup>9</sup>	64						

**Notes:** <sup>1</sup>: MSME <sup>2</sup>: Non-oil-gas sector <sup>3</sup>: Private sector <sup>4</sup>:2012 <sup>5</sup>: 2013 <sup>6</sup>: 2014 <sup>7</sup>: 2016 <sup>8</sup>: 2017 <sup>9</sup>: 2018 <sup>10</sup>: 2019 <sup>11</sup>: 2020 <sup>12</sup>: 2021 <sup>13</sup>: 2022 <sup>14</sup>: 2023 <sup>15</sup>: No year information

Several countries, including Bangladesh (85.9 percent), Indonesia (96.9 percent), and the United Arab Emirates (86 percent), demonstrate a high reliance on SMEs as primary drivers of employment, indicating the importance of these enterprises in their respective labor markets. On the other hand, countries like Kuwait, Tajikistan and Comoros have very low shares of SMEs in employment.

There is considerable variability within regions in terms of data availability and SME contribution. For instance, in West Africa, Guinea (80 percent) stands out as a country with a strong SME employment share, while neighboring Benin and Guinea-Bissau report no data.

Two major OIC economies, Malaysia and Türkiye exhibit distinct employment shares. In Türkiye, SMEs contribute significantly to employment, with an employment share of 71 percent. This demonstrates a substantial reliance on these enterprises as engines of job creation. On the other hand, Malaysia reports an employment share of SMEs at 47.8 percent, indicating that SMEs play a substantial but slightly less dominant role in providing employment opportunities in the country.

It should be noted that, while a high share of SMEs in an economy can signify dynamism and entrepreneurial spirit, it doesn't automatically equate to a healthy economic environment. A very high share of SMEs within an economy can also suggest that firms are not experiencing substantial growth. While SMEs are essential for job creation and fostering innovation, an

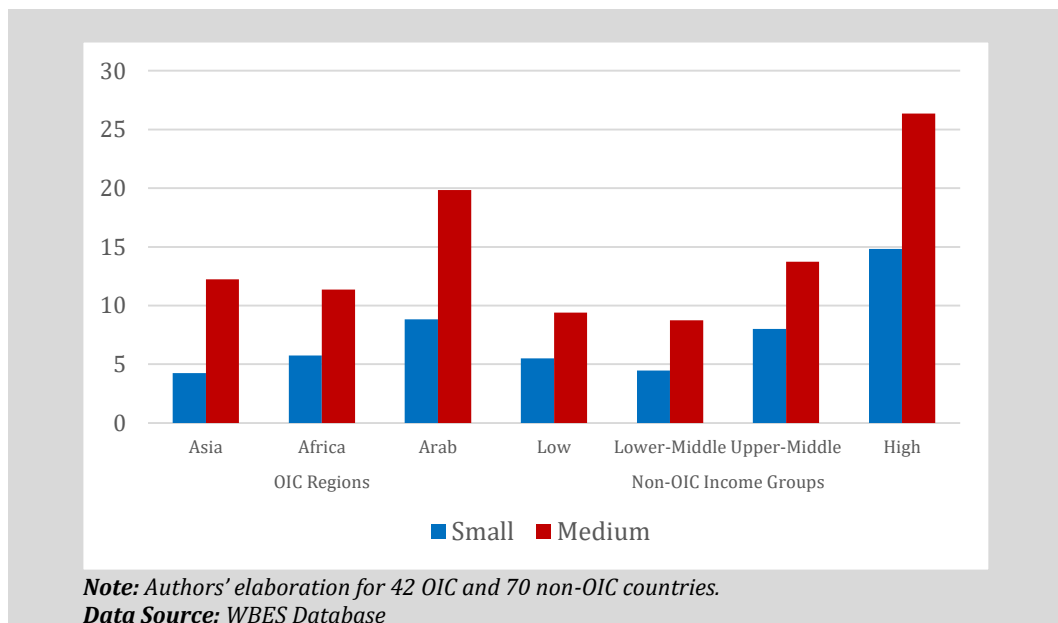
economy dominated by a disproportionately high number of SMEs might indicate that many businesses are not scaling up or reaching their full growth potential.

Another contribution SMEs to the economy is through exporting. Exports of SMEs not only lead to economic growth but also help firms to increase productivity. Before discussing the country-level SME contribution, it would be good to compare OIC and non-OIC countries in terms of their export intensities. In order to make that comparison, World Bank Enterprise Surveys (WBES) data is employed. In this dataset, firms are categorized into three distinct size groups: small firms (5–19 employees), medium-sized firms (20–99 employees), and large-size firms (100+ employees). Figure 4.5 presents the export intensity, measured as the share of exports in total sales, of SMEs for both OIC and non-OIC countries.

According to the figure, the Arab region stands out as having the highest export intensity within the OIC nations, surpassing even the upper-middle income group of non-OIC countries. However, it's important to acknowledge that the export intensity of the Arab region remains notably lower than that of the high-income group in non-OIC countries. Moreover, Africa and Asia groups have higher export intensity compared to low and lower-middle-income groups.

As expected, export intensity increases with size. Medium firms exhibit a considerably higher export intensity compared to their smaller counterparts. The difference between small and medium firms is more visible among OIC countries. Another notable point from the graph is the positive relationship between the income and export intensity for non-OIC countries.

**Figure 4.5. Export Intensity of SMEs in OIC and non-OIC Countries**



The share of SMEs in total exports for OIC countries is reported in Table 4.8. The availability of the data problem is more severe for the export contribution of SMEs. We could find the export share of SMEs only for 13 OIC countries.



**Table 4.8. Export Contribution of SMEs in OIC Countries**

Country	Export Share	Country	Export Share	Country	Export Share	Country	Export Share
Afghanistan	-	Albania <sup>6</sup>	64	Algeria	-	Azerbaijan <sup>4</sup>	5
Bahrain	-	Bangladesh	-	Benin	-	Brunei Darussalam	-
Burkina Faso	-	Cameroon	-	Chad	-	Comoros	-
Côte d'Ivoire	-	Djibouti	-	Egypt	-	Gabon	-
Gambia	-	Guinea	-	Guinea-Bissau	-	Guyana	-
Indonesia <sup>1,5</sup>	15.7	Iran <sup>4</sup>	10	Iraq	-	Jordan <sup>8</sup>	45
Kazakhstan	-	Kuwait	-	Kyrgyz Republic <sup>1,7</sup>	27.3	Lebanon	-
Libya	-	Malaysia <sup>1,7</sup>	11.7	Maldives	-	Mali	-
Mauritania	-	Morocco <sup>4</sup>	23.1	Mozambique	-	Niger	-
Nigeria <sup>1,6</sup>	6.21	Oman	-	Pakistan <sup>1,2</sup>	25	Qatar	-
Saudi Arabia <sup>8</sup>	5	Senegal	-	Sierra Leone	-	Somalia	-
Sudan	-	Suriname	-	Syria	-	Tajikistan	-
Togo	-	Tunisia	-	Türkiye <sup>7</sup>	30.4	Turkmenistan	-
Uganda	-	UAE	-	Uzbekistan <sup>7</sup>	22.3	Palestine	-
Yemen	-						

**Notes:** <sup>1</sup>: MSME <sup>2</sup>: 2010 <sup>3</sup>: 2017 <sup>4</sup>: 2018 <sup>5</sup>: 2019 <sup>6</sup>: 2020 <sup>7</sup>: 2021 <sup>8</sup>: No year information

Albania stands out with a substantial presence of SMEs actively contributing to its export sector. Similarly, Jordan, Türkiye, and Morocco also exhibit strong SME engagement in their export activities.

#### 4.6.2. Selected OIC Countries

SMEs play a key role in the economies of OIC countries in their diverse and dynamic contexts. In the absence of comprehensive data on the contribution of SMEs to the OIC economy as a whole, this section provides a brief overview of the role of SMEs in specific OIC member countries. By examining the different approaches and contexts in these countries, it is aimed to provide insights into SMEs' contribution to economic activity, job creation, and sustainable development in the OIC context.

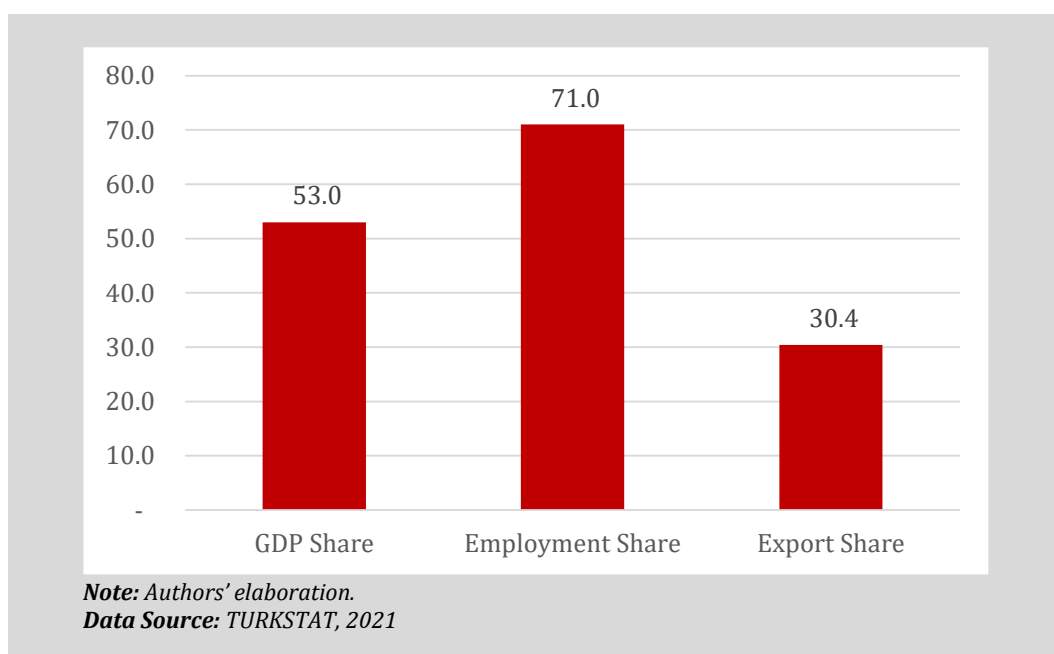
Starting with Türkiye, SMEs here are key drivers of economic development, job creation, innovation, and trade. Their diverse roles and contributions make them an important part of Türkiye's economic landscape and growth trajectory. According to TurkStat data, a total of 3,568,000 companies in the industrial and service sectors were classified as SMEs in 2021<sup>11</sup>. SMEs accounted for 99.7 percent of all enterprises. They also accounted for a significant share in various respects: 71 percent of total employment, 35.5 percent of value-added, 44 percent of revenues, and 37.3 percent of production value (Figure 4.6).

<sup>11</sup> <https://data.tuik.gov.tr/Bulten/Index?p=Kucuk-ve-Orta-Buyuklukteki-Girisim-Istatistikleri-2021-45685>

In 2021, SMEs were predominantly engaged in trade, with 36.5 percent in wholesale and retail trade and vehicle and motorcycle repair, 14.9 percent in transportation and warehousing, and 12.3 percent in manufacturing, according to the Classification of Economic Activities NACE Rev.2. Within manufacturing, 55.9 percent of SMEs focused on low-tech manufacturing, while this figure was 45.9 percent for larger firms. Breaking down the SMEs further, 57 percent of microenterprises were engaged in low-tech manufacturing, 31.2 percent in low-medium technology, 11.2 percent in medium-high technology, and 0.6 percent in high-tech manufacturing. For small enterprises, the percentages were 51.3 percent, 30.4 percent, 17.2 percent, and 1 percent, respectively. For medium enterprises, the shares were similar at 50.4 percent, 29.1 percent, 19 percent, and 1.4 percent.

As for trade, SMEs played an important role in exports and imports in 2021, accounting for 30.4 percent and 14.7 percent, respectively. Micro enterprises accounted for 2.5 percent of exports, small enterprises 10.7 percent, and medium enterprises 17.2 percent, while large enterprises contributed 69.6 percent. Geographically, 47.3 percent of SME exports went to European countries and 33.7 percent to Asian countries. Imports were split between 47.4 percent from Asian countries and 42.6 percent from Europe, with manufacturing products accounting for 90.8 percent of SME exports. In addition, SMEs in Türkiye made a significant contribution to research and development (R&D), accounting for 27.1 percent of total R&D spending.

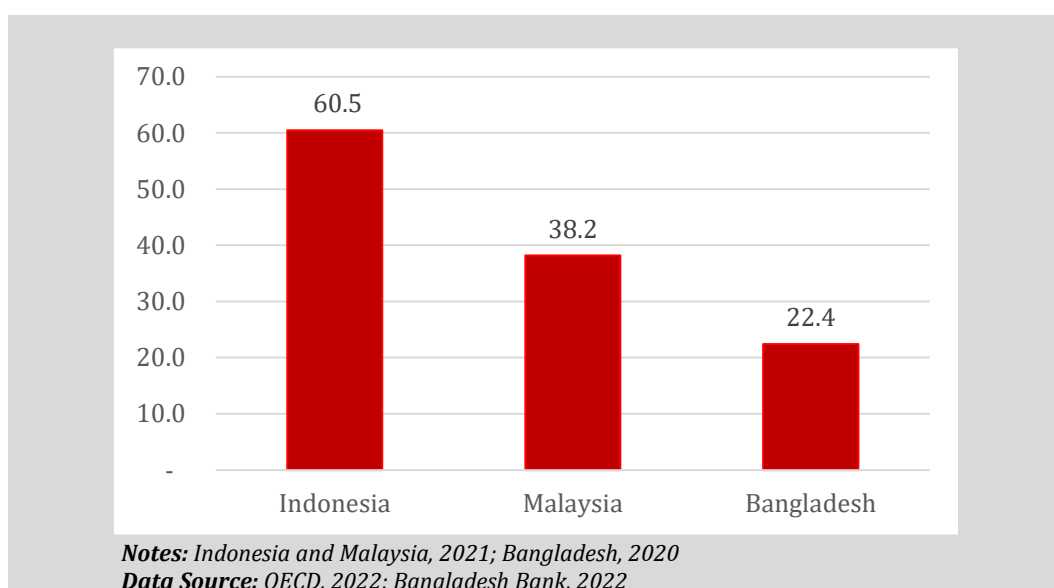
**Figure 4.6. Share of SMEs in GDP, Employment and Export in Türkiye (2021)**



When the SME landscapes of two major Southeast Asian countries -Indonesia and Malaysia- are examined, it is clear that these countries have harnessed the potential of SMEs to contribute significantly to their economic growth and development. In Indonesia, an astounding 99.99

percent of businesses fall into the SME category, or about 64 million businesses. These SMEs are the driving force behind the country's economy. They employ 96.9 percent of the labor force and contribute 61 percent of GDP, making Indonesia a successful example among the ASEAN-6 countries. Remarkably, SMEs also attract up to 60 percent of total investment in the country, indicating a high level of investor confidence. Moreover, according to OECD (2022), these companies play a crucial role in the export sector, accounting for 14.37 percent of total non-oil and gas exports (Figure 4.7).

**Figure 4.7. GDP Contribution of SMEs in Southeast Asia**

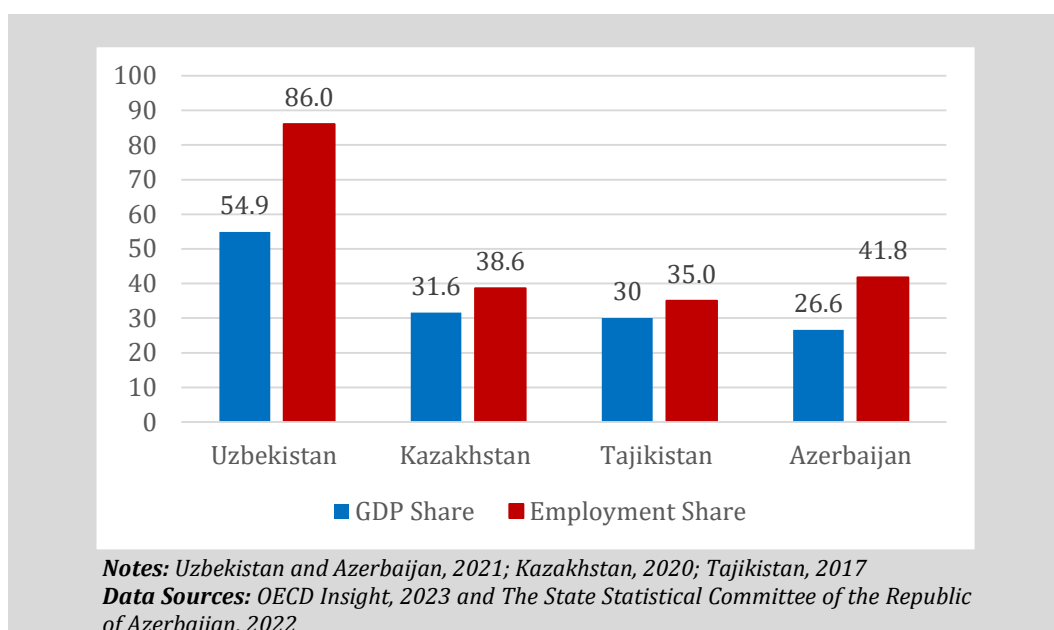


Malaysia, meanwhile, boasts its own thriving SME landscape, with these enterprises accounting for a significant 97.4 percent of the country's businesses. eighty-three percent of SMEs are in the service sector, followed by 8 percent in construction. With 7.3 million people employed in SMEs and contributing 38.2 percent to the country's GDP, Malaysia underscores the importance of SMEs in its economic framework. SME exports were worth RM124.3 billion in 2021, an increase of 5.4 percent, driven by manufacturing (16.7 percent) and agriculture (20.4 percent). The contribution of the manufacturing sector to total SME exports reached 76.6 percent in 2021. To support these enterprises, Malaysia has built a robust financing system that combines public and private opportunities (OECD, 2022).

SMEs are also important economic players in four Central Asian countries within the OIC, namely Uzbekistan, Azerbaijan, Tajikistan, and Kazakhstan. In Uzbekistan, the performance of SMEs has changed dramatically over the past two decades. In 2019, SMEs account for more than 95 percent of all enterprises. Comparing the changes over the last 20 years, in 2000 SMEs employed 4.5 million workers and contributed to 31 percent of GDP. In 2021, the number of employees in SMEs has increased to 10.1 million, accounting for 86 percent of total employment, and their contribution to GDP has increased to 54.9 percent (Figure 4.8). [However, it is](#)

important to note that an expanding SME sector does not necessarily equate to private sector growth, as a significant number of SMEs are essentially state-owned enterprises, and it remains difficult to discern the share of truly private firms from official data.

**Figure 4.8. Share of SMEs in GDP and Employment in Central Asia**



Over the period from 2000 to 2021, SMEs doubled their share of imports, rising from 22.8 percent to 48.7 percent, while their share of exports increased from 10.2 percent to 22.3 percent. This historical trade deficit can be attributed in part to the sectoral distribution of SMEs within the economy and their productivity levels. Many of Uzbekistan's SMEs are concentrated in lower productivity sectors, which affects trade potential.<sup>12</sup> In 2022, 97.2 percent of all enterprises in agriculture were SMEs, compared to 74.9 percent in the construction sector. Both sectors are characterized by lower productivity levels. In contrast, the largest share of newly registered SMEs in the first half of 2022 was in trade (36.9 percent) and industry (18.9 percent), indicating a positive growth trend for enterprises in higher productivity, export-oriented sectors.<sup>13</sup>

In Azerbaijan, MSMEs generated 13.4 percent of value added and 42.9 percent of total employment in 2018, compared to 60 percent of value added and 60-70 percent of employment in OECD countries, indicating untapped potential. In Azerbaijan's non-oil economy, MSMEs generated 23.5 percent of value added and 45 percent of employment. On the other hand, most MSMEs are concentrated in trade and repair of vehicles, transportation and storage, and

<sup>12</sup> See Melitz (2003)

<sup>13</sup> See <https://www.oecd-ilibrary.org/sites/90d6b914-en/index.html?itemId=/content/component/90d6b914-en#chapter-d1e19-2a813b2b5d>

accommodation and food services, activities with relatively low value added. In 2021, the number of active entrepreneurs grew by 12.5 percent to a total of 355,906 units constituting 41.8 percent of total employment. In the same year, MSMEs generated a 27.5 percent increase in nominal value added, reaching 14.0 billion manats, accounting for 16.4 percent of the country's total value added. In the non-oil and gas sector, this accounted for 13.6 billion manats or 26.6 percent of the non-oil and gas sector's value added. Trade and transportation repairs contributed 32.7 percent, construction 12.9 percent, industry 13.6 percent, agriculture 2.8 percent, and services accounted for the remainder.

The number of employees in MSMEs grew by 2.6 percent in 2021 to a total of 357,840 people, of which 79.5 percent were in non-public MSMEs and 20.5 percent in public MSMEs. Women accounted for 26.5 percent of the workforce. Although the number of employees increased, their share of the total number of employees in all enterprises decreased slightly from 42.1 percent in 2020 to 41.8 percent, due to the rapid growth of larger enterprises.<sup>14</sup>

Tajikistan's SMEs play an important role in employment but contribute only modestly to GDP due to lower productivity. In 2017, 499,372 SMEs accounted for about 35 percent of total employment but only about 30 percent of GDP, indicating concentration in low-productivity sectors. A similar picture emerges for Kazakhstan. In 2020, SMEs accounted for 96.4 percent of enterprises and contributed to 38.6 percent of total employment and 31.6 percent of GDP.<sup>15</sup>

The contribution of SMEs to national economies varies across the North African OIC countries. In Morocco, micro, small, and medium-sized enterprises play an important role, accounting for 93.1 percent of active legal entities (about 289,773 enterprises) in 2020, with microenterprises accounting for 88.3 percent of this total. Together, these SMEs contribute 34.2 percent of cumulative sales and 23.1 percent of cumulative export sales. They also generate 29.1 percent of the total cumulative value added, which amounts to 351.2 million MAD. In terms of employment, microenterprises employ 21.4 percent of the labor force, while small and medium enterprises employ 23.0 percent and 16.8 percent, respectively.<sup>16</sup> On the other hand, the role of SMEs in job creation in Algeria remains moderate in scale. Statistics from 2018 show that SMEs account for about 26 percent of total employment in the country.<sup>17</sup>

SMEs also play a central role in the Tunisian economy. According to the IFC, 98 percent of businesses in Tunisia are MSMEs, which will contribute 40 percent of GDP and 56 percent of employment in 2021. While 71 percent of MSMEs have access to banks, a quarter still face financing obstacles. It is critical for Tunisia's economic future that SMEs have access to finance for operations and investment.<sup>18</sup>

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<sup>14</sup> See The State Statistical Committee of the Republic of Azerbaijan (2022).

<sup>15</sup> See OECD (2022).

<sup>16</sup> See Bank Al-Maghrib (2022).

<sup>17</sup> See Mechali, B. and S. Mahrez (2020) and <https://www.statista.com/statistics/1176819/number-of-employees-in-algeria/#:~:text=In%202023%2C%20there%20were%20around,increased%20in%20the%20period%20examined.>

<sup>18</sup> <https://meii.org/programs/countries/tunisia/>

In Tunisia, access to finance for SMEs has deteriorated, according to the World Bank's Business Surveys 2020. In 2013, 21.9 percent of businesses faced financing problems, which increased to 43.9 percent in 2020. Those that do have access tend to secure short-term loans, as long-term liquidity in the banking sector is limited. The development of capital markets and contractual savings institutions is critical to closing the gap in long-term financing, a challenge that still exists in Tunisia.<sup>19</sup> In Tunisia, as per the World Bank's 2020 Business Surveys, SMEs have experienced declining access to financing. In 2013, 21.9 percent of firms faced funding challenges, which escalated to 43.9 percent in 2020. Those with access usually secure short-term credit due to limited long-term liquidity in the banking sector. Developing capital markets and contractual savings institutions is crucial for addressing the gap in long-term financing, a challenge still prevalent in Tunisia.

In Egypt, MSMEs consists of 99 percent of all firms. However, Egypt experiences a scarcity of small and medium-sized enterprises with only 6 percent. MSMEs accounts for 75 percent of the employment.<sup>20</sup>

SMEs are also vital for Arab states. Similar to the patterns observed in many advanced economies, SMEs hold a significant role in shaping Saudi Arabia's economic landscape, particularly in its efforts to diversify from its oil-centric economy. As of the third quarter in 2022, the SME sector within the Kingdom demonstrated continued expansion, culminating in a total of 978,445 enterprises, including micro-sized businesses. While micro enterprises constitute the predominant portion of registered SMEs in the Kingdom, they collectively account for and 99.5 percent of the overall businesses.<sup>21</sup>

As of mid-2022, there were approximately 557,000 small and medium enterprises operating in the UAE. These SMEs play a significant role, contributing about 63.5 percent of non-oil GDP. Forecasts indicate that the UAE's SME landscape is poised for further growth. An estimated 1 million SMEs are expected to be established in the UAE by 2030.<sup>22</sup> On the other hand, the contribution of SMEs to non-oil GDP in Qatar is limited, despite the fact that they account for 97 percent of registered private sector companies. In 2022, they contributed only 16 percent to non-oil GDP (Figure 4.9).<sup>23</sup>

The Albanian economy offers a business-friendly environment and is open to the needs of SMEs. The structure of SMEs, as revealed by the Enterprise Structure Survey 2021, is characterized by their strong presence. About 99.8 percent of active enterprises are classified as SMEs. While SMEs employ 81.6 percent of total employees, they contribute 79.0 percent of total sales. In addition, SMEs account for 76.4 percent of total investment and 76.1 percent of value added. The

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<sup>19</sup> <https://www.worldbank.org/en/news/press-release/2023/02/08/tunisia-world-bank-approves-120-million-to-support-access-to-finance-for-small-and-medium-enterprises>

<sup>20</sup> [https://www.eeas.europa.eu/node/43122\\_en](https://www.eeas.europa.eu/node/43122_en)

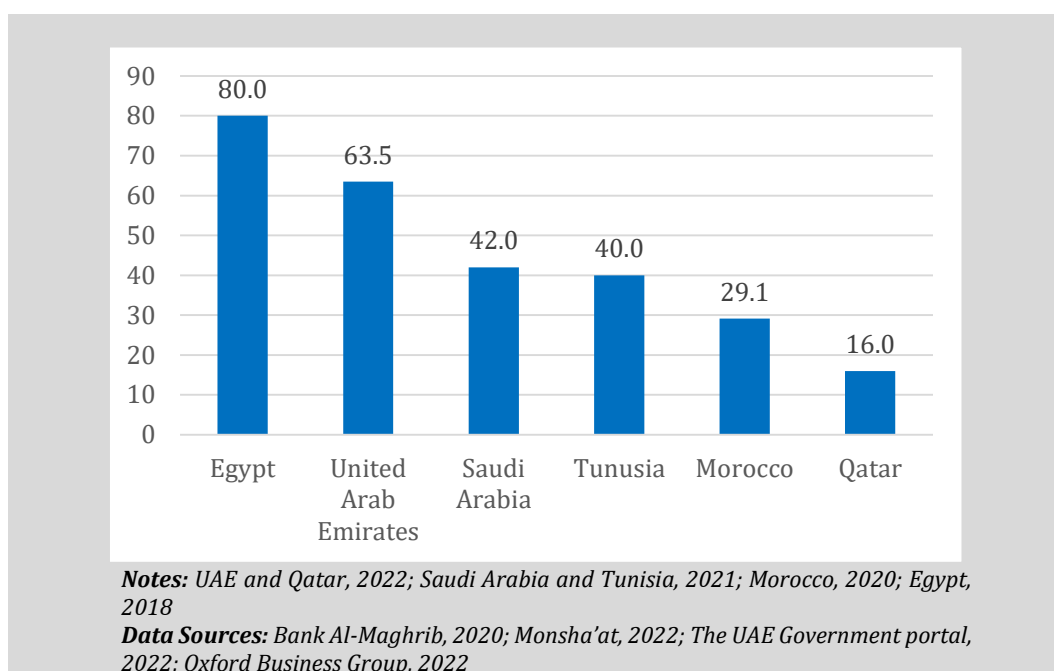
<sup>21</sup> SME Monitor, Monsha'at Quarterly report Q3 2022

<sup>22</sup> The UAE Government portal

<sup>23</sup> Oxford Business Group, The Report: Qatar 2022

export and import dynamics of SMEs also show continuity, with 2.6 percent of SMEs exporting goods and 8.7 percent importing.

**Figure 4.9. GDP Contribution of SMEs in Arab Countries**



In terms of sectoral trends, micro firms dominate the employment landscape in accommodation and food services with 69.0 percent, while small enterprises lead in mining and quarrying with 29.5 percent. In the manufacturing sector, medium enterprises lead with a remarkable employment rate of 38.1 percent. In terms of value-added, micro enterprises contribute 52.5 percent to accommodation and food services, while small enterprises stand out with 36.5 percent in electricity, gas and water supply and waste management, and medium enterprises lead with 40.1 percent of value added in manufacturing in Albania.<sup>24</sup>

In Nigeria, MSMEs account for 96.7 percent of all businesses. But of the total 39.7 million MSMEs, only 1.2 million are classified as SMEs, accounting for only 3.1 percent of total enterprises. These MSMEs played a significant role in Nigeria, contributing 87.9 percent to employment, 49.7 percent to national GDP, and 6.21 percent to gross exports in 2020.<sup>25</sup>

In the economy of Bangladesh, SMEs are a mainstay for the further development of the country. The role of the SME sector is of great importance in fulfilling the country's poverty reduction plans. SMEs account for over 99 percent of the industrial assets of the business sector and provide employment opportunities for 70 to 80 percent of the non-agricultural labor force.

<sup>24</sup> Statistics on small and medium enterprises, 2021. INSTAT.

<sup>25</sup> SMEDAN, The Nigeria MSME Report 2022

Despite their importance, the contribution of SMEs to Bangladesh's economy remains relatively modest. The government has launched sector-specific initiatives to promote economic growth, including strategies to strengthen the SME sector. According to estimates by the Bangladesh Bureau of Statistics (BBS), the SME sector contributed to 22.40 percent of GDP in 2020.<sup>26</sup>

In summary, SMEs are the main drivers of employment in all the above-mentioned OIC member countries. However, their contribution to GDP varies widely. In addition, there is considerable untapped potential for increasing exports.

## 4.7 Conclusion

SMEs encounter a distinct array of obstacles. These difficulties underscore the need for a robust institutional framework that aims to facilitate their expansion, globalization, and enduring success. In order to tackle these challenges successfully, the initial imperative is to establish a clear definition of what qualifies as an SME.

A universally applicable definition of SMEs does not exist, as different countries have individual definitions that account for their unique economic and industrial circumstances. In the case of OIC countries, specific definitions have been crafted to suit their particular contexts. These definitions typically consider various factors, including the number of employees, annual turnover, and, on occasion, sector-specific criteria. For instance, while countries like Türkiye, Côte d'Ivoire, Iran, Nigeria and Oman defines micro firms as firms less than 10 employees, some countries uses 15 employee threshold (Kazakhstan and Kyrgyz Republic), some uses 5 threshold such as Malaysia, Qatar and Saudi Arabia. Other than those, three, four and six employee thresholds are also evident from the table.

In OIC countries, there are significant variations in the number and scope of institutions dedicated to SME support, reflecting differences in economic development, priorities, and commitment to entrepreneurship. For instance, countries like Benin, Burkina Faso, Cameroon, Gabon, Guinea, Senegal, and Indonesia have established specialized ministries focused on SME development, while others, such as Nigeria, Algeria, Egypt, Saudi Arabia, Azerbaijan, and Pakistan, have created distinct government institutions for comprehensive SME support. Additionally, many OIC member nations utilize trade chambers to bolster SMEs. The differences in terms of the number and scope of the institutes engaged in SME support, reflects itself in the policies implemented among OIC countries. However, it's worth noting that despite these differences, there are noticeable similarities in the policies adopted by OIC countries in support of SMEs.

In order to formulate effective policies tailored to SMEs, data is a critical requirement. However, several OIC member countries face challenges in data collection and reporting, resulting in gaps in the comprehension of the economic importance of SMEs. The inconsistency in data quality

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<sup>26</sup> Bangladesh bank, Estimating the contribution of SMEs output on GDP growth in Bangladesh, 2022



and availability hinders the ability to make precise cross-country and temporal comparisons. Nevertheless, an analysis of available data highlights substantial variations in SMEs' contributions to member countries' economies in terms of GDP, employment, and exports. These variations underscore the imperative for enhanced collaboration among OIC member countries.

## **5 An Overview of Existing Business Networks**

This chapter serves as a preparatory step to propose an SME platform for the OIC economies. To achieve this goal, first, an overview of a sample of successful business networks in the world is provided, followed by an overview of a sample of existing networks in OIC economies that illustrates the need to establish an international SME support network to advance the internationalization of SMEs in OIC countries and achieve a higher level of competitiveness in world markets.

### **5.1 Successful Business Networks around the World**

In most cases, SMEs cannot thrive in isolation. Instead, they need active engagement within a thriving business community, both domestically and internationally, in which they can integrate and thrive. The seamless exchange of information, financial resources, human expertise, skills, technology, and other key inputs between SMEs and other participants in the broader economic and business landscape is what enables individual SMEs to find their competitive niches and succeed. This flow of resources can be facilitated and stimulated through a variety of platforms and mechanisms, especially in developing countries. Business networks that enable members to collectively gather and disseminate information are an effective tool for this purpose. These networks have strategic goals that include fostering innovation, internationalization, and building foreign relationships.

This section therefore provides insights into local and regional/international business networks, including their management and operational structures. Examples of local SME networks examined in this section include the Small Business Administration (SBA) in the U.S., Enterprise Singapore (ESG) in Singapore as cases of public SME agency involvement, and COSMED in France and RetImpresa in Italy as examples of non-public associations. The successful regional/international networks presented are UNCTAD's Entrepreneurship Global Network (EMPRETEC), UNIDO's Cluster and Network Development (CND) initiative, the Global Small Business Network (GSBN), the Enterprise Europe Network (EEN), and ASEAN Access.

#### **5.1.1 Examples of Successful Domestic SME Networks**

##### **Small Business Administration (SBA) of the US**

The U.S. government agency known as the Small Business Administration (SBA) has a mission to enhance and foster economic growth by supporting the nation's small enterprises. Since its inception in 1953, the SBA's principal role revolves around offering guidance to individuals aspiring to initiate and expand their personal ventures. To aid both budding and established proprietors of small businesses, it presents an array of resources accessible through its official website. At the helm of this agency are an administrator and deputy administrator, along with a chief counsel for advocacy and inspector general, all of whom must undergo Senate confirmation. The SBA maintains a presence in every state, the District of Columbia, as well as various American territories.

The SBA provides comprehensive networking and educational resources, particularly focusing on aiding the growth and expansion of small enterprises. Per the information available on its website at <https://www.sba.gov>, the SBA extends the following services to small businesses:

1. *Entrepreneurial Development*: This is driven by counseling services and cost-effective training programs provided by the SBA, available to both novice and established business proprietors at over 1,800 locations nationwide. Additionally, there exists a networking initiative connecting emerging business owners with retired or existing entrepreneurs as mentors.
2. *Capital Access*: The agency offers a range of financial support for small businesses, such as microlending, which provides small loans to individuals who may not qualify for conventional financing. These loans are disbursed through partner banks, credit unions, and other financial institutions.
3. *Contract Procurement*: The SBA reserves 23 percent of government contracting funds for small businesses, in collaboration with various federal departments and agencies. The agency also guarantees 5percent of these contracting funds for women-owned businesses and an additional 3percent for business owners who are disabled or veterans.
4. *Advocacy*: The agency serves as an advocate by scrutinizing legislative matters and safeguarding the interests of small business proprietors throughout the nation. Furthermore, it engages in advocacy efforts on behalf of business owners at both the state and federal government levels.

The SBA receives an annual budget sanctioned by the federal government, which encompasses funding for salaries, grant and loan initiatives, as well as networking and other administrative expenditures. It is important to note that the SBA does not directly extend loans to small businesses. Instead, the majority of loans offered to small business proprietors under SBA programs are backed by the agency and disbursed by approved financial institutions and other lending entities. This source of funding plays a significant role in enabling individuals to initiate and advance their businesses.

### **Enterprise Singapore (ESG)**

Enterprise Singapore (ESG) operates as a statutory board within the Ministry of Trade and Industry under the Government of Singapore. Established on the 1<sup>st</sup> of April 2018, its primary mission is to lend robust support to the development of Singapore's SMEs, fostering their growth, enhancing their capabilities, fostering innovation, facilitating transformation, and encouraging international expansion. Additionally, ESG plays a significant role in advancing Singapore's status as a prominent trading and startup hub while maintaining its position as the national authority responsible for standards and accreditation.

Some of its key responsibilities, according to the information provided on its official website at <https://www.enterprisesg.gov.sg>, encompass:

1. *Development of Trading Clusters:* ESG's mandate includes the attraction of global commodity traders to establish their global or Asian headquarters in Singapore. Presently, Singapore serves as the epicenter for trading in three clusters: metals and minerals, agri-commodities, and energy and chemicals.
2. *Quality and Standards:* Enterprise Singapore exercises oversight over Singapore's national standards. Through the industry-led Singapore Standards Council, it administers the Singapore Standardization Program, which formulates and advocates standards that align with industry requirements and government policy objectives. The Council comprises representatives from diverse stakeholder groups, including industry professionals, trade associations, academia, and government agencies. Its role is to forge consensus-based standards in Singapore and promote their adoption by stakeholders.
3. *National Accreditation Body:* ESG oversees the Singapore Accreditation Council (SAC), responsible for developing and managing accreditation schemes that support Singapore's strategic initiatives, including market access, security, safety, and health. ESG also manages the Good Laboratory Practice (GLP) Compliance Program, ensuring that laboratory processes and studies in Singapore adhere to international standards. Studies conducted under GLP-compliant conditions in Singapore have gained acceptance in more than 30 OECD and non-OECD countries.
4. *Support for Businesses:* Enterprise Singapore extends support to enterprises across all dimensions, regardless of size or stage of development, encompassing startups, SMEs, and large corporations. For startups, it collaborates with incubators, angel investors, and government agencies to cultivate Singapore's startup ecosystem through a range of programs managed by Startup SG. SMEs receive assistance aimed at enhancing business capabilities through various grants, programs, and access to technology and research institutions. Furthermore, SMEs expanding overseas benefit from tax deductions, grant funds, the Plug and Play Network, and over 22 Free Trade Agreements. Large corporations receive support from Enterprise Singapore in expanding their global market presence and exploring new opportunities. Initiatives like the PACT program see them leading smaller companies in collaborative projects.
5. *Internationalization Efforts:* Enterprise Singapore has established a comprehensive global network to facilitate the internationalization of SMEs:
  - *Overseas Markets:* ESG maintains overseas centers in numerous markets to support the international expansion of Singaporean businesses, totaling 36 centers across 21 countries, with 9 centers located in China alone. These centers are strategically clustered across geographical regions to maximize support.
  - *Plug and Play Network:* With 9 Plug and Play partners in 6 countries, ESG provides targeted market research, a global database for identifying overseas business partners, in-market support for supplier and distributor matching, and workspace sourcing.

- *Bilateral Business Forums*: ESG organizes Business Forums that bring together delegates and officials from Singapore and partner countries to discuss business partnership opportunities, domestic prospects, business trends, and future directions. These forums have already been conducted with countries such as India, Latin America, Bangladesh, Germany, and others, fostering international business ties.

In order to facilitate business connections between Singaporean companies and their international counterparts, ESG actively collaborates with many actors and develops business networks (Box 1).

### Box 1: It Takes a Village

**COLLABORATION WITH PARTNERS:** The importance of collaboration becomes evident; ESG’s extensive network of partners empowers the agency to extend its outreach to a greater number of enterprises and deliver more comprehensive assistance to foster their expansion.

**TRADE ASSOCIATIONS AND CHAMBERS (TACS):** The Trade Associations and Chambers (TACs) spearheaded initiatives aimed at elevating their respective industries. As an illustration, the Container Depot and Logistics Association (Singapore) pioneered a digital solution designed to enable container haulage firms to monitor assets like trailers and prime movers. This data is also shared with ports, warehouses, and container depots, enhancing operational efficiency and optimizing asset utilization.

In support of internationalization efforts, the Singapore Business Federation (SBF) established three Singapore Enterprise Centers in Jakarta, Ho Chi Minh City, and Bangkok, broadening the

assistance provided through the GlobalConnect@SBF initiative. Since its inception in November 2019, over 4,500 Singaporean businesses have reaped the benefits of GlobalConnect@SBF, a joint initiative by SBF and Enterprise Singapore.

**SME CENTERS:** The network of SME Centers, overseen by five TAC partners of ESG, played a significant role in assisting more than 28,000 businesses through personalized business counsel, specialized workshops to enhance capabilities, and collaborative initiatives geared towards enhancing their capacities.

To enhance support for Chinatown merchants in their digital transformation endeavors, the Singapore Chinese Chamber of Commerce and Industry launched a new SME Centre@Chinatown. This addition brings the total count of SME Centers to 11, further strengthening ESG’s support infrastructure.

**Source:** Enterprise Singapore (2022, p. 14)

### COSMED in France

Established in the year 2000, the COSMED Professional Association emerged from the collective aspiration of small and medium-sized enterprises to have their voices represented and acknowledged by the relevant French and European authorities overseeing the cosmetics sector.

As indicated on its website at <https://www.cosmed.fr/en/export-with-cosmed/#>, COSMED has since evolved into the foremost network advocating for businesses of varying sizes within the cosmetics industry in France. With a membership of 1,100 companies encompassing all facets of the cosmetic sector—ranging from proprietary brands, manufacturers, ingredient suppliers,

expertise and testing laboratories, consultants, and training providers—COSMED plays a significant role, particularly given that 80 percent of its members are SMEs. Consequently, COSMED stands as a significant contributor to the cosmetics sector.

COSMED actively safeguards the interests of companies, both small and large, operating within the cosmetics industry, not only within France but also on the European and global stages. Its contributions and stances on regulatory and scientific matters are acknowledged internationally. In this way, COSMED plays a vital role in fostering the establishment of a regulatory framework that ensures the marketability of safe and efficacious cosmetic products.

Companies stand to gain tangible support at shared expenses for their growth endeavors, including:

- Oversight of cosmetic regulations across 120 countries.
- Assistance to companies in their export endeavors through the issuance of Free Sale Certificates and guidance at international trade exhibitions.
- Facilitation of in-house and inter-company training programs, along with the organization of webinars.
- Coordination of congresses and both national and regional events.
- Enhancement of procurement processes through a group of procurement professionals.
- Guidance to companies on environmental concerns.

COSMED's governance structure is outlined below to illustrate how it actively unites both large enterprises and SMEs in the cosmetics industry to tangibly benefit from their interconnectedness:

- A Board of Directors comprised of 11 administrators elected during the General Assembly.
- An Executive Board, consisting of a president, a vice president, a treasurer and a general secretary.
- A team of 15 permanent staff members, whose expertise is at the service of members on a daily basis.
- 6 regional Cosmetopoles.

Over the past 8 years, COSMED has published a comprehensive directory featuring 2,300 industry players in France. This directory enhances the visibility of each company, facilitating the identification and establishment of robust marketing partnerships.

### **RetImpresa in Italy**

RetImpresa serves as the agency within Confindustria (The General Confederation of Italian Industry) responsible for advocating for and promoting collaborative business arrangements and networks.

Since 2009, it has been actively fostering various forms of consolidation and integration among companies, notably the *network contract*, as a strategic mechanism to bolster cooperation within supply chains, elevate the vitality of regions, stimulate the dimensional and competitive

expansion of SMEs, and facilitate the realization of economies of scale and synergies for accessing financing and investing in innovation and internationalization efforts.

The active members of RetImpresa encompass a range of Confindustrial organizations, including territorial associations, sector associations and federations, regional representations, sector and project representations, international representations, and Aggregate Associates of Confindustria. As of September 2023, RetImpresa boasts a membership of 64 effective members (comprising 39 territorial associations, 7 regional Confindustries, 3 international representations, and 15 national trade associations), along with 37 other members.

The objectives of the network, as articulated on its website at <https://www.retimpresa.it>, encompass the following:

- Providing assistance to its members concerning the interests they need to represent at national, European, and international institutional bodies, especially in anticipation of legislative developments pertaining to funding, incentives, new areas of intervention, and measures promoting aggregation.
- Advocating for the integration and competitiveness of enterprises, particularly SMEs, through mechanisms like the network contract and other collaborative business models.
- Organizing events, conferences, and workshops aimed at increasing entrepreneurs' awareness of aggregation and organizational growth, in addition to offering specialized training for system officials and operators interested in networking.
- Undertaking studies, analyses, and research on trends related to aggregative phenomena.
- Developing specific projects addressing the interests of its members, often in partnership with public institutions.

The governance structure of RetImpresa consists of a president, three vice presidents representing diverse industries, a general council, a panel of accountants, and a team of arbitrators, along with a Network Experts Working Group (GdL). The GdL emerged from the explicit intent of RetImpresa's recent leadership to actively engage territories and supply chains in activities promoting business networks. Comprising officials and representatives from territorial and trade associations affiliated with RetImpresa, the Group's objective is to collaboratively formulate practical strategies, each tailored to its respective associative base, to bolster the development of business networks. This becomes an especially potent instrument of clustering, particularly within the context of economic revitalization, aligned with the programmatic actions and development strategies outlined by the associative bodies. Therefore, the GdL serves as a nexus connecting the experts within the system on this subject, facilitating the sharing of knowledge, best practices, and innovative ideas to support policy actions, which are then executed in a coordinated and fortified manner at various levels (central, sectoral, and territorial). The group also organizes joint initiatives encompassing aspects like training, communication, workshops with groups of entrepreneurs, system projects, and more.

Given this context, Box 2 presents the case of Italy's nautical companies' network as an exemplary illustration of effective SME networking.

## Box 2: Nautical Companies Network of Italy

As of 3 September 2022, Italy boasts a total of 44,073 online businesses engaged in 8,063 network contracts, with 1,211 having legal subjectivity and 6,852 lacking autonomous subjectivity, as per data published by InfoCamere. Notably, 2percent of these are represented by companies within the nautical supply chain. By August 2022, the nautical sector comprised 790 network companies participating in 632 network contracts.

Italy's boating industry has solidified its position as a strategic national supply chain renowned globally for top-tier brands, characterized by leadership acknowledged for aesthetic excellence, craftsmanship, innovation, quality, and sustainability in production. This capability to excel in the global market stems from the strength of substantial industrial conglomerates, some family-run and others multinational. Additionally, it benefits from a highly specialized satellite sector comprising numerous micro and small businesses, which complement and complete the supply chain. These businesses are strategically located in major regional hubs within the sector.

This arrangement represents the genuine competitive advantage of Made in Italy boating. However, it also highlights the potential vulnerability of the entire system if specific intermediate components of the value chain, particularly those smaller in scale and less endowed in terms of organizational and structural resources, were to face crises due to factors such as a shortage of managerial expertise, a shortage of qualified workforce, financial constraints, trade barriers in select markets, or challenges in accessing new technologies and capital.

To mitigate this inherent risk, prevalent in many national supply chains, and to reinforce the Italian nautical sector's structure and resilience, fostering collaborations, integration dynamics, and organizational coordination among diverse supply chain actors, especially SMEs, becomes increasingly crucial. Emphasis should be placed on the adoption of lightweight and flexible aggregation tools, such as the network contract.

Thirteen years after its introduction into the framework, the network contract continues to be validated as a unique and effective organizational

and management model for economic activities conducted jointly. It stands apart from traditional inter-company cooperation mechanisms and proves particularly well-suited for preserving and reinforcing the distinctive attributes of exceptional supply chains, like the nautical sector. These chains thrive by leveraging their ability to innovate, gain recognition for reliability, adapt to market changes and demands, achieve self-sufficiency, and promote sustainability, all while focusing on shared objectives within defined time frames through a structured program. This program involves activities and the sharing of expertise, resources, human capital, and assets.

Networks hold the potential to enhance the capabilities and competitiveness of various components within the nautical supply chain, particularly in intermediary phases of the value chain (e.g., subcontracting) and activities associated with marketing and services. Such collaboration serves to uphold the sector's core strengths and encourages entrepreneurs to organize effectively to extract the full value of being part of a comprehensive, geographically concentrated, highly skilled, and reputable supply chain.

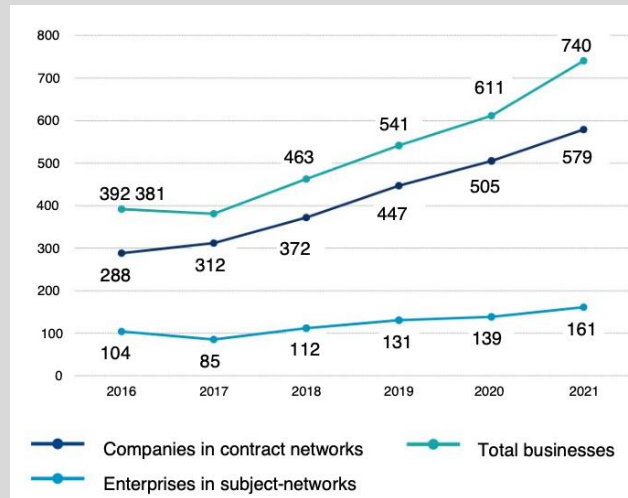
Examining historical trends (Figure 5.1), the growth of the online nautical supply chain has maintained stability over the years, with the exception of a minor dip in networked companies in 2017. In 2021, the online supply chain exhibited a favorable growth rate of 21 percent, signifying a more substantial increase compared to the preceding year (13 percent in 2020).

Regionally (Figure 5.2), Lombardy continues to lead with the highest count of online nautical companies (146), followed by Lazio (83), Veneto and Liguria (75 each), Tuscany (58), and Emilia-Romagna (53). Additionally, Sicily (47), Campania (44), Puglia (39), Friuli-Venezia Giulia (37), Piedmont (33), Sardinia (28), Marche (24), Abruzzo (20), and Umbria (10) all feature notable numbers of network collaborations. However, network collaboration in Trentino-Alto Adige, Calabria, Valle d'Aosta, and Basilicata is limited, with no nautical networks present in Molise.

*Source: RetImpresa (2022)*

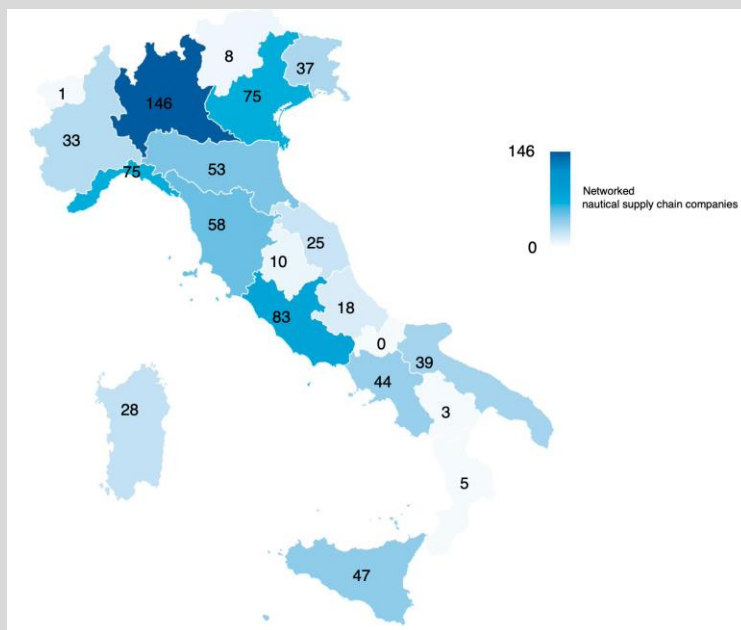


**Figure 5.1: Trend of Networked Companies in the Supply Chain**



*Source: RED-Reti e Dati, RetImpresa's Data Analysis Platform on InfoCamere Data*

**Figure 5.2. Distribution of Companies in the Nautical Supply Chain by Region**



*Source: RED-Reti e Dati, RetImpresa's Data Analysis Platform on InfoCamere Data*

### 5.1.2 Entrepreneurship Global Network (EMPRETEC)

EMPRETEC, a United Nations initiative forged under the auspices of the United Nations Conference on Trade and Development (UNCTAD), has a steadfast mission: to champion the establishment of sustainable, inventive, and globally competitive SMEs. This program committedly dedicates itself to guiding aspiring entrepreneurs in translating their visions into tangible actions, while simultaneously nurturing the growth of burgeoning enterprises. Embedded within UNCTAD's overarching directive is the enhancement of productive capacity and international competitiveness, all designed to catalyze economic advancement, eradicate poverty, and ensure the equitable participation of developing nations and transitional economies within the global economic landscape.

EMPRETEC's nomenclature, derived from the Spanish acronyms "emprededores" (entrepreneurs) and "tecnología" (technology), was first introduced in Argentina back in 1988. Since its inception, the EMPRETEC program has spread its roots across 36 countries, including early adopters like Brazil, Venezuela, Chile, Uruguay in South America, and Ghana, Nigeria, and Zimbabwe in Africa.

Notably, EMPRETEC has gained official recognition through United Nations General Assembly resolutions since 2012, cementing its status as an influential instrument for nurturing sustainable entrepreneurship.

As articulated on EMPRETEC's dedicated website (<https://unctad.org/topic/enterprise-development/Empretec>), the program embodies several core tenets:

- A robust global network comprising national EMPRETEC centers, offering vital support to entrepreneurs, with a specific focus on vulnerable groups in developing countries.
- National centers with strong governmental affiliations contributing valuable policy counsel.
- The delivery of a distinctive Entrepreneurship Training Workshop geared toward cultivating entrepreneurial skills.
- Drawing from 34 years of experience in promoting entrepreneurship, the program boasts a worldwide network of over 500,000 trained entrepreneurs known as "empretecos."

One of EMPRETEC's standout initiatives is the **Business Linkages Program**, designed to facilitate the establishment of fresh connections and the deepening of existing relationships between foreign corporate affiliates and local SMEs in developing nations, thereby fostering their long-term sustainability. This program is underpinned by the shared interests of all stakeholders.

On one hand, business linkages represent one of the swiftest and most effective avenues for elevating domestic enterprises, bolstering their competitive edge, and affording them access to global markets, financing, technology, managerial expertise, and specialized knowledge.

On the other hand, forging partnerships with local enterprises empowers multinational enterprises (MNEs) to reduce transactional and operational costs, enhance their adaptability, and expedite the adaptation of technologies and products to local conditions. Consequently, MNEs, domestic firms, and the overall economy all stand to reap direct benefits from the program.

### **Working Locally**

Operating at the grassroots level, UNCTAD collaborates with host countries that request the development of national programs focusing on MNE-SME linkages. This entails partnering with local development agencies, business service providers, foreign MNE affiliates, governmental ministries, and other stakeholders.

To date, seven country programs have been successfully implemented in Argentina, Benin, Brazil, Mozambique, Peru, Tanzania, Uganda, and Zambia. Additionally, EMPRETEC centers, responsible for running UNCTAD's entrepreneurship development program, are increasingly incorporating business linkages into their service portfolios.

In practice, the business linkages team closely collaborates with purchasing companies, often in conjunction with private sector entities such as trade associations and industry federations. Selection criteria ensure that only companies meeting requirements or demonstrating commitment to development are chosen to partake in the linkage program. This meticulous selection process is instrumental in gaining the confidence and active participation of large purchasing companies.

### **Expanding Relationships**

The UNCTAD Business Linkages Program operates as a catalyst for elevating the performance, productivity, and efficiency of local suppliers, offering guidance through training, mentorship, information exchange, quality enhancements, innovation, and technology transfer.

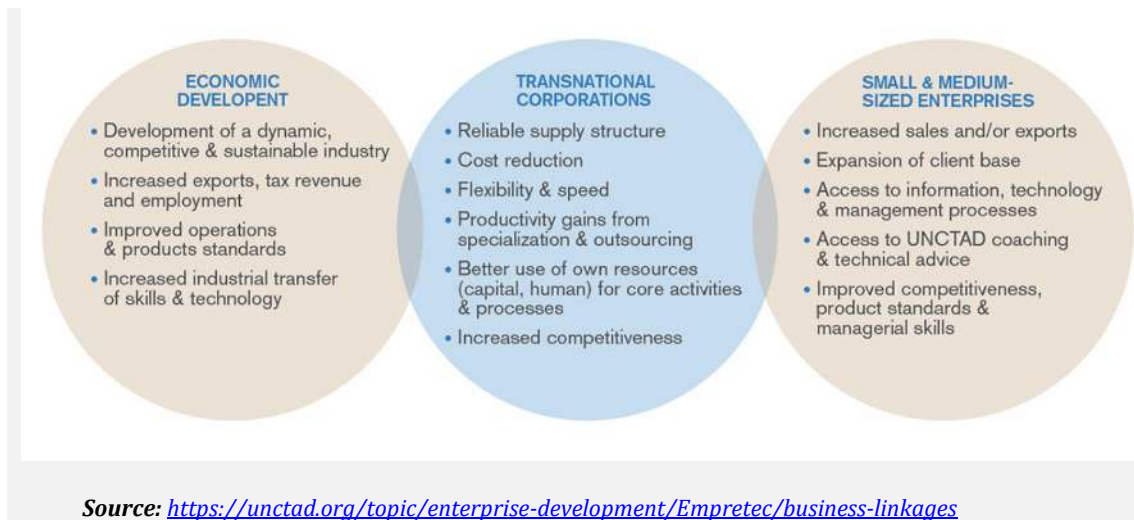
Furthermore, UNCTAD extends its support to the governments of developing nations and other stakeholders in constructing an enabling policy environment. The program also aids in establishing networks of business development and other service providers, founded on the analysis of international experiences and best practices.

MNEs are increasingly streamlining their core operations and outsourcing activities in which they lack competitive advantages. Consequently, they hold a strategic interest in fostering the capabilities of local suppliers and are expected to participate in cost-sharing endeavors aimed at ensuring the program's long-term operational sustainability.

### **Increasing Productivity**

From various vantage points—economic development, multinational enterprises, and SMEs—the program engenders a suite of benefits to increase productivity, as succinctly summarized in Figure 5.3.

**Figure 5.3: Benefits of Business Linkages Program**



### 5.1.3 Cluster and Network Development (CND) Initiative

Since the mid-1990s, UNIDO has been actively engaged in the execution of technical cooperation initiatives centered on the development of clusters and networks, abbreviated as CND. Over the course of the past three decades, UNIDO has taken part in the implementation of projects for cluster and network development across numerous nations worldwide, as visually represented in Figure 5.4.

**Figure 5.4. UNIDO Involvement in Cluster and Network Projects, 1990-2020**



## The UNIDO Approach to CND

UNIDO's strategy concerning CND, as articulated by UNIDO in 2010, is grounded on the premise that micro, small, and medium enterprises (MSMEs) exert a significant influence in terms of generating employment and income, particularly within the context of developing nations. Research has demonstrated that, especially in the sphere of developing countries, the advancement of MSMEs is frequently impeded by their isolation. Therefore, the UNIDO CND initiative is dedicated to elevating the growth of a competitive private sector and contributing to poverty alleviation by fostering enduring connections both among SMEs and between SMEs, larger-scale enterprises, and support institutions.

To accomplish this overarching objective, the UNIDO approach for supporting the development of networks and clusters typically encompasses two primary components:

1. Engaging in technical cooperation to formulate and execute CND initiatives that generate **pilot projects** in the client countries.
2. Facilitating the **expansion of CND endeavors** through enhancing institutional capacity and providing policy guidance with the aim of disseminating CND policies at regional or national scales.

Characteristics common to activities within CND projects include:

- Conducting comprehensive diagnostic studies, which encompass CND mapping—essentially the formulation of a taxonomy categorizing existing clusters and networks within a given region or country.
- Organizing awareness-raising initiatives through seminars and workshops.
- Coordinating training sessions for policymakers and cluster development agents (CDAs) actively participating in CND.
- Arranging study tours for beneficiary firms and institution staff engaged in CND support.
- Furnishing counsel to firms that establish horizontal and vertical networks, clusters, and export consortia. This includes tasks such as crafting business plans and providing group coaching.
- Developing customized methodologies or guidelines tailored to the promotion of CND within the specific context of the client country, subsequently utilized in advisory and training capacities.
- Conducting ongoing monitoring and evaluation of networks and cluster development initiatives.

Two noteworthy attributes inherent in the UNIDO CND approach are worthy of mention:

1. Primarily, technical cooperation projects heavily rely on the utilization of **local expertise**. International expertise, particularly in the initial phase, is gradually scaled back over time. During this initial stage, CDAs are enlisted by UNIDO in collaboration with counterpart institutions, serving as facilitators and moderators of CND processes. In most instances, CDAs comprise UNIDO project personnel, although there are instances where counterpart staff, trained by UNIDO consultants, assume these roles.

2. Furthermore, UNIDO's CND initiatives typically place a strong emphasis on **cultivating social capital** through initiatives such as raising awareness, providing training, delivering advisory services, and fostering trust-building. Social capital is regarded as one of the resources harnessed in the production process, aligning with physical and financial capital, human capital, and technology. UNIDO's interventions in CND do not encompass direct financing or tangible assets but rather contribute to the promotion of collective action among enterprises. Consequently, this process engenders the development of human and social capital.

Boxes 3 and 4 showcase UNIDO cluster and network development projects globally, highlighting adaptations to local contexts and integration into broader private sector development goals.

### Box 3: Creating Export Consortia in Colombia's Agri-Business and Cosmetics Clusters

**Implementation Period:** 2016-2019

**Donor:** Korea International Cooperation Agency (KOICA)

The project's primary objective was to boost the competitiveness and market access of SMEs in the agribusiness and cosmetics clusters within Valle del Cauca by establishing export consortia. Export consortia are voluntary associations of businesses collaborating to promote the export of their goods and services through joint efforts. These formal organizations foster strategic cooperation among firms, facilitating entry into foreign markets through collective initiatives.

The project encompassed three main components:

1. The creation of export consortia.
2. Provision of technical assistance to consortium member enterprises to meet quality standards and market requirements.
3. Transfer of institutional knowledge.

Throughout the initiative, direct support was provided to eight export consortia, with five becoming fully operational. Additionally, nine consortia received indirect assistance through knowledge transfer. In total, 33 firms benefited, employing 1,857 fixed-term workers (including 774 women) and around 68 seasonal workers.

As a result of UNIDO's involvement, 21 companies successfully accessed new markets. Collectively, the consortia achieved exports valued at US\$ 871,941 to 10 different markets, including Spain, the United States, France, Hong Kong, Italy, Portugal, Sweden, the Netherlands, Ecuador, and the UK. Furthermore, individual companies, drawing from their experience as consortium members, secured exports worth approximately US\$ 4,110,088.

Over the period from 2016 to 2019, fixed-term employment in directly assisted consortia grew by 14 percent, while indirectly assisted consortia, which received follow-up support from institutions, witnessed a 28 percent increase in employment.

The project significantly raised compliance levels with international standards, thanks to various support activities such as compliance assessments, action plans to address quality gaps, and technical training programs. As a result, consumers, as an indirect beneficiary group, gained access to safer products in the market.

To ensure the sustainability of the initiative, a structured approach was adopted to transfer UNIDO's methodology to local stakeholders, equipping them to manage future export consortium initiatives. Following classroom training, local support institutions received guidance and mentoring from UNIDO experts in implementing the methodology.



*Source: UNIDO (2020, p. 38)*

## Box 4: Boosting Cluster and Network Development, Project PAMPAT

**Implementation Period:** 2013 – 2019, covering Morocco and Tunisia  
**Donor:** State Secretariat for Economic Affairs SECO

The "Program for Market Access of Typical Agri-food and Terroir Products" (PAMPAT) in Morocco and Tunisia aims to enhance the performance and market access of SMEs in agri-food clusters. It focuses on improving cluster organization, SME productivity, quality, product development, and market positioning. PAMPAT also ensures compliance with geographical indications and quality brands for access to premium markets and higher revenues. UNIDO employs a holistic approach in this program.



In Morocco, UNIDO applied a similar strategy to the prickly pears and argan oil clusters and value chains to ensure certification for producers and promote the market presence of Protected Geographical Indications (PGI). The Value Chain Argan Federation (FIFARGANE - Fédération Interprofessionnelle de la Filière de l'Argane) was supported in developing traceability software to guarantee adherence to the argan oil production code under the PGI. Training was provided to producers, including cooperatives, cooperative groups, and SMEs, to comply with the code and national food safety and hygiene regulations. Consequently, the number of certified PGI producers increased by 150 percent between 2013 and 2019.

The program also focused on collective branding centered around the argan oil PGI to enhance market access for products from SME cooperatives and consortia within the argan oil value chain.

In Tunisia, a similar approach was applied to the Harissa and prickly pears value chains and the Djebba fig cluster in the North-West region, which holds the first Protected Geographical Indication for a fruit in Tunisia. The program assisted producers in the Djebba cluster to meet PGI product specifications and collaborated with local authorities to establish a local association responsible for the self-control system mandated by law. By 2019, 25 percent of local production had PGI certification. To communicate

the quality attributes of PGI-labeled figs to consumers, a public-private promotional program was initiated, involving tastings in Tunisian supermarkets, cooking events, and participation in trade fairs. This intervention led to doubled prices for Djebba fig producers and the sale of PGI fruits in various retail chains across Tunisia, as well as exports to Gulf countries and Canada.

To generate additional income for Djebba residents, the program supported local producer groups in offering and marketing local products such as sun-dried figs, jams, traditional pastries, and essential oils. A cooperative and two rural groupings were established and aided in setting up compliant production facilities. They received training and technical support to standardize processing techniques, develop innovative packaging and logistics solutions, and incorporate modern marketing and sales strategies. These Djebba products achieved significant success in the local market, with dried fig prices increasing by 50 percent in just a few years.

The PGI Djebba fig also played a central role in raising the profile of the mountain village among Tunisians, as evidenced by a more than doubled number of visitors between 2015 and 2019.

*Source: UNIDO (2020, pp. 40-41)*

## **SDG Contribution**

UNIDO assists cluster entrepreneurs in overcoming growth obstacles, enhancing collective efficiency, and accessing new markets to promote inclusive and sustainable economic growth (SDG 8). Cluster and Network Development encourages innovation, improves industrial processes, and supports inclusive and sustainable industrial development (SDG 9). UNIDO collaborates with support institutions to develop educational programs, benefiting product quality and marketability and contributing to education improvement (SDG 4). Inclusivity efforts in cluster projects, particularly among marginalized groups like youth and women, help reduce poverty (SDG 1) and enhance gender equality (SDG 5). By promoting agro-food, tourism, and creative industries in peripheral areas, UNIDO's Integrated Cluster and Network Approach reduces regional inequalities (SDG 10) while preserving natural and cultural heritage and promoting sustainable resource utilization (SDG 15).

In contrast to entities such as USAID, the World Bank, Europe Aid, the Multilateral Investment Fund (MIF) under the Inter-American Development Bank (IADB), and the Asian Development Bank, the UNIDO CND approach exhibits several distinctive features:

- UNIDO's focus in interventions primarily targets local levels, differentiating it from many other actors in the field. IADB shares a similar approach.
- UNIDO's CND programs typically operate as standalone projects, occasionally evolving into broader country-wide or regional efforts. In contrast, larger donors like the World Bank often incorporate CND projects into more extensive programs aimed at policy reform and enhancing the investment climate.
- While UNIDO emphasizes the development of local clusters and networks, other organizations, such as USAID, also aim to foster business linkages with foreign entities.
- UNIDO projects are generally financially smaller compared to those of most other organizations, relying heavily on donor financing.
- UNIDO and MIF of IADB prioritize the creation and improvement of social capital.
- UNIDO's social capital development centers on establishing governance frameworks within assisted clusters, promoting open discussion and decision-making forums.
- Most organizations work with existing clusters and networks rather than creating new ones. UNIDO's preference for existing clusters is driven by private sector ownership and resource mobilization considerations.
- Besides promoting private sector development and competitiveness, many organizations, like UNIDO, pursue additional development-related objectives through CND programs, such as poverty reduction, CSR, and environmental management.
- UNIDO's CND initiatives follow a non-substitution principle, focusing on capacity building within the public and private sectors and transferring tools and methodologies to relevant institutions.
- UNIDO's CND initiatives employ a catalytic approach, leveraging local resources, facilitating access to support schemes, and enabling collective action among cluster stakeholders.



#### **5.1.4 Global Small Business Network (GSBN)**

The Global Small Business Network (GSBN), as articulated on its website (<https://www.sbdglobal.com/global-small-business-network>), is committed to enhancing and fortifying the long-term competitiveness of the Micro, Small, and Medium-sized Enterprise (MSME) sector. GSBN's mission encompasses four fundamental objectives:

1. The primary objective is to nurture, strengthen, and interconnect a worldwide network of programs dedicated to assisting micro, small, and medium-sized enterprises (MSMEs). This network will be firmly rooted in the successful U.S. Small Business Development Center (SBDC) model, renowned for its track record of delivering measurable economic benefits.
2. A key focus is on establishing links between numerous SBDC centers and their experts. This linkage will serve as a catalyst for fostering greater collaboration, communication, and the exchange of best practices among these centers. The ultimate goal is to encourage a continuous process of improvement within the network.
3. Another pivotal goal is to open up international markets for the diverse clientele served by SBDCs. Empowering these clients to harness trade and investment opportunities within the extensive Global Small Business Network (GSBN) framework is a central objective.
4. Additionally, the initiative seeks to promote heightened innovation within MSMEs and facilitate the commercialization of technology. This will be achieved through strategic partnerships with university research institutions, harnessing their expertise and resources to drive innovation and technology transfer.

#### **The SBDC Model as the Driver of the GSBN**

At the core of GSBN lies the SBDC model, which furnishes a standardized approach to MSME assistance that is efficient, scalable, and, most crucially, generates tangible economic benefits. This methodology has been effectively tailored and embraced in diverse settings, ranging from rapidly growing urban hubs to rural areas confronting significant developmental challenges. The unifying factor is that the SBDC model unfailingly delivers results.

Comprehending the fundamentals of the SBDC methodology is relatively straightforward. However, structuring, launching, implementing, and consolidating a successful SBDC network is intricate and necessitates the guidance of seasoned technical experts.

Drawing upon over two decades of experience in aiding countries in adopting and adapting the SBDC methodology, alongside more than 30 years of success in operating a highly accomplished SPDC program, the University of Texas at San Antonio Center for Global Development has devised a proprietary five-phase strategy for SBDC national network development, encapsulated in Figure 5.5.

**Figure 5.5: SBDC Network Development Methodology in 5-Steps**



### Importance of the GSBN

The significance of GSBN stems from the pivotal role MSMEs play in propelling job creation and fostering broad-based economic growth across nations. Countries that do not embrace the SBDC methodology may find themselves saddled with a disjointed, ineffectual, and inefficient MSME assistance framework that fixates on activities rather than outcomes. Supported by the U.S. Department of State, the GSBN initiative aspires to establish a shared MSME infrastructure designed to:

- Enhance the performance of MSME start-ups and scale-ups, resulting in increased sales, improved access to capital, heightened productivity, enduring competitiveness, and the preservation and creation of jobs.
- Concentrate available MSME assistance resources within a unified program, mitigating inefficient duplication and fragmentation while yielding a positive return on investment for taxpayers.
- Generate economic prospects capable of reducing the informal economy, poverty, inequality, unemployment, and delinquency, thereby curbing illegal migration.

- Empower marginalized groups, including women and youth entrepreneurs, informal businesses, rural and agricultural producers.

Participating countries independently administer and finance their SBDC networks through domestic resources, primarily from national government ministries, supplemented by matching funds from universities, local agencies, non-governmental organizations, and private sector entities. This approach fosters an integrated and sustainable partnership encompassing the public, private, and academic sectors, noted for its cost-effectiveness.

The grand vision of GSBN is to unify and globalize the world's diverse small business assistance programs and their extensive MSME clienteles by leveraging a common SBDC operational framework. This overarching objective will enable SBDC networks, their centers, advisors, clients, and university hosts to connect for purposes of learning, trade, investment, and technology commercialization, yielding substantial outcomes.

Figures 5.6 and 5.7 provide summaries of the geographic reach and economic impact envisaged by GSBN.

**Figure 5.6: Geographic Reach of GSBN, 2019**



*Source: GSBN (2019, p.5)*

**Figure 5.7: GSBN Impact by Numbers, 2019**

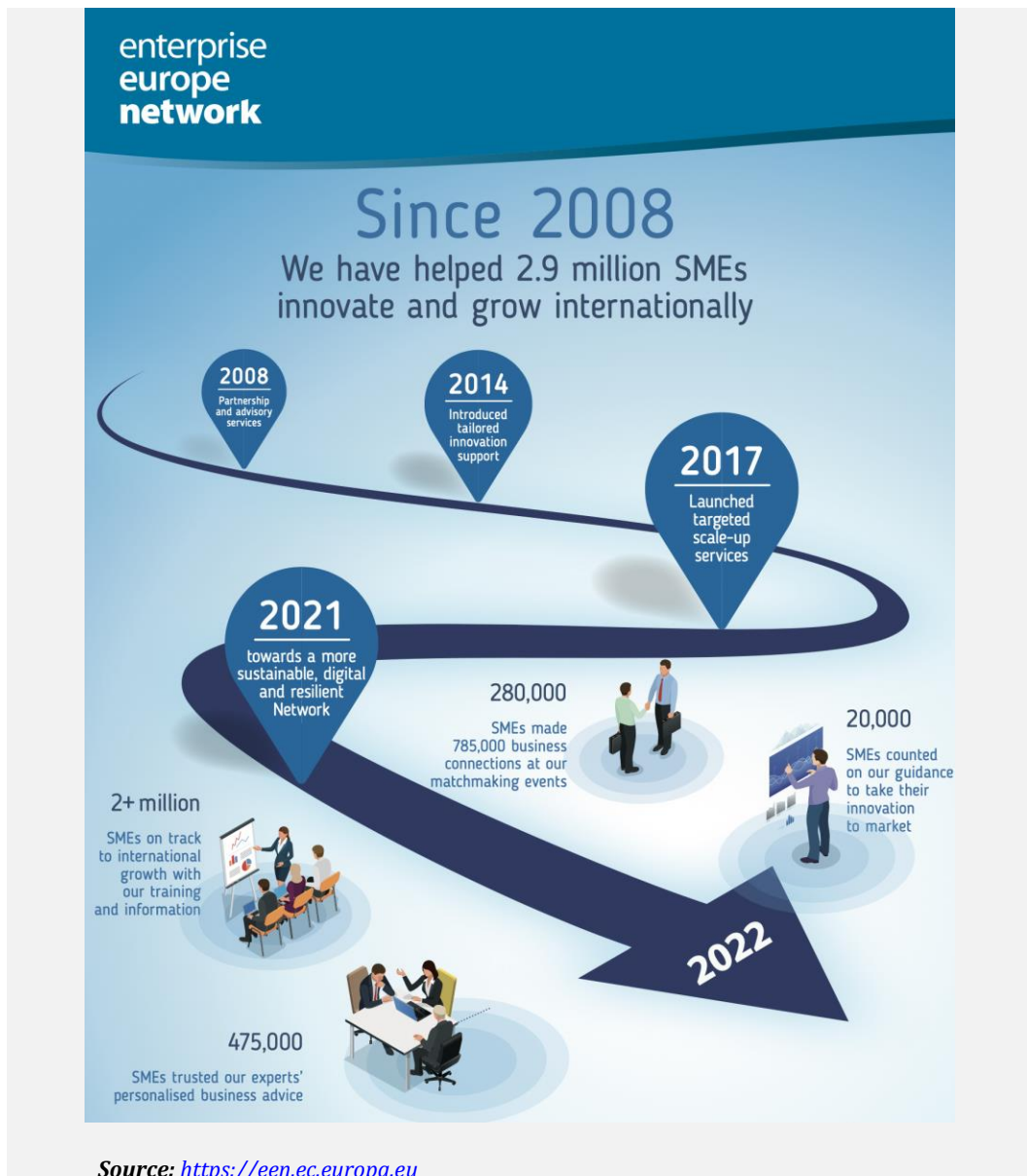


### 5.1.5 Enterprise Europe Network (EEN)

In 2008, the European Enterprise Network (EEN) was established as the European Commission's primary tool for facilitating the internationalization of SMEs. It stands as the world's largest support network tailored to SMEs aspiring to engage in global business endeavors. Its primary aim is to furnish SMEs with value-added services that serve to enhance their competitive edge, sustainability, and capacity for innovation, thereby enabling them to expand their operations both within Europe and on a global scale (See Figure 5.8 for a bird-eye view of the EEN).

During the COSME program's 2015-2021 period, the EEN received an allocation of €385 million, amounting to approximately €55 million annually. Additional funding of about €11 million per year was secured from Horizon 2020 to facilitate innovation-related services for SMEs. Furthermore, EEN host organizations contributed to the budget, with EU co-financing covering up to 60percent of the EEN's financial requirements (ECA, 2022).

**Figure 5.8: The ENN by Numbers**



As of the conclusion of 2020, the reach of the EEN extended to 65 countries, predominantly encompassing nations with which the European Union holds economic cooperation interests and typically maintains trade agreements. This global presence was achieved through partnerships with 625 organizations. Among these, 427 were situated in EU Member States, 92 operated in other COSME countries (See Box 5 for an example of achievements of COSME Program in Türkiye), 23 were located in the United Kingdom, and an additional 73, acting as Business Cooperation Centers (BCCs), were established across 29 different countries (Figure 5.9).

## Box 5: COSME and Türkiye

### Implementation

The COSME Program, designed based on the importance of SMEs in the EU economy, benefited a total of 39 countries, including EU member states and countries like Türkiye Albania, Armenia, Iceland, Montenegro, North Macedonia, Moldova, Serbia, Bosnia and Herzegovina, Ukraine, and Kosovo.

The COSME Program Agreement between Türkiye and the European Commission was signed in Brussels on October 16, 2014, and published in the Official Gazette on December 18, 2014, following a Cabinet decision on November 10, 2014.

KOSGEB played a crucial role in coordinating national and international funds to maximize Türkiye's benefits from the program. The program was promoted nationally, and technical support, monitoring, and guidance were provided during application and implementation processes. Lobbying and negotiation efforts were conducted at the EU Commission level to enhance Türkiye's participation.

### Achievements

According to data released by the European Commission, Türkiye ranked 8th in overall utilization among 39 countries and 5th in the number of funded projects under the COSME Program. The program aimed at ensuring sustainable development and maximizing competitiveness for SMEs. However, in practice, the program indirectly reached SMEs by enhancing the capacities of institutions supporting SMEs' development. In addition to financial grants for accepted project applications, the program's tools and included platforms contributed to the development of capacities of institutions representing and serving SMEs, fostering international collaborations, and providing higher-value services to target audiences.

*Entrepreneurship Call-funded Projects.* Under the Entrepreneurship Calls, various projects were funded, including 12 projects for Young Entrepreneurs in the Erasmus Program, supporting 221 new entrepreneurs and 54 homeowner entrepreneurs from Türkiye. Social Economy Missions calls funded projects aimed at promoting accessible tourism, sustainable agriculture, and resilient regional ecosystems.

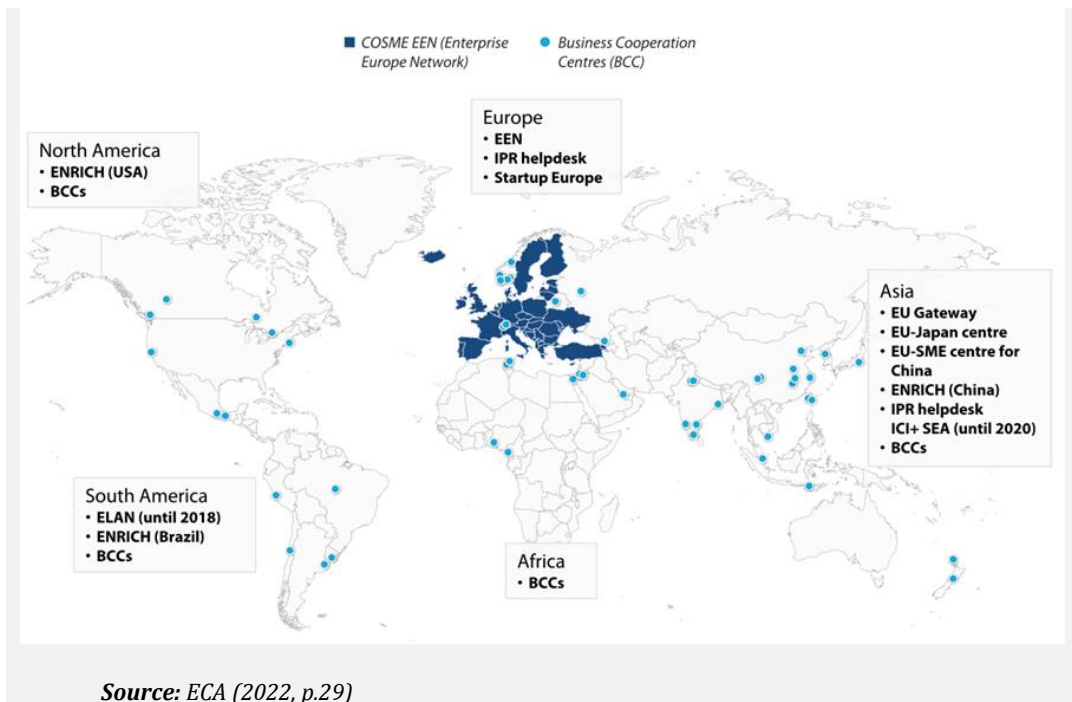
*Calls for Improvement of Framework Conditions.* Projects funded under these calls include initiatives by various organizations like Eskişehir Chamber of Industry, OSTIM Cluster, Geothermal Power Plant Investors Association, Ministry of Culture and Tourism, Eastern Black Sea Development Agency, and more. These projects focused on areas such as aerospace developments, cluster management, geothermal energy, local gastronomy excellence, diversifying tourism, and strategic alliances in the railway sector.

*EEN in Türkiye.* EEN served as a successful example of national and international collaboration between the public and private sectors in Türkiye. It started its activities during the Competitiveness and Innovation Framework Programme (CIP) and continued during the COSME period with 11 consortia consisting of 50 partners. A total of 54 consortia from 10 different clusters applied for the EEN call under the Single Market Program, and all applications were positively evaluated. Ongoing collaboration aims to further enhance achievements through continued efforts with the European Commission, EISMEA, relevant institutions, and Network Partners.

*Contributions to SMEs' Market Access.* Collaborative efforts, including the contributions of 11 KOSGEB Directorates, within the COSME period significantly facilitated SMEs' market access. Through EEN consortia, around 20,652 businesses received quality consultancy services, 101,367 participated in training seminars, 33,908 engaged in direct business-to-business meetings, and 12,667 benefited from collaboration efforts. Additionally, 860 businesses utilized innovation capacity measurements, leading to 695 collaboration agreements. The provided services resulted in increased turnover, new company formations, additional employment, and improved productivity for businesses.

*Continuing Activities under the Single Market Program.* The current Single Market Program's SME Component continues until 2027, with 54 partners, including technoparks, universities, chambers of industry and commerce, development agencies, etc., forming 10 consortia. The aim is to sustain network activities in Türkiye, fostering innovation, increased employment, and overall economic productivity.

**Figure 5.9: Worldwide Support for European SMEs through the EEN and the Others**





















As per the details provided on the EEN’s official website (<https://een.ec.europa.eu>), the support services offered by the network encompass a diverse array of initiatives aimed at assisting European SMEs in fostering innovation, expanding their operations, and scaling their businesses. These services cater to SMEs both within the EU and in global markets. They encompass the provision of specialized knowledge, facilitation of vital contacts, and the orchestration of events that encourage international collaborations. Additionally, the EEN extends advisory services relating to international markets and innovation, as depicted in Figure 5.10.

More precisely, the EEN offers advisory assistance for enterprises aspiring to achieve international growth. These advisory services encompass a broad spectrum of regulatory domains and market insights, including but not limited to:

1. Ensuring compliance with EU regulations and standards.
2. Facilitating access to international markets by providing market intelligence and capacity-building support.
3. Navigating international public contracts by offering access to cross-border procurement opportunities and EU tender prospects.
4. Assisting in identifying sources of finance at national and regional levels and delivering investor-readiness training.
5. Providing guidance on EU funding programs and supporting the application process.

6. Addressing intellectual property rights (IPR) concerns, which includes assistance with patents, IPR applications, and strategies for exploiting intellectual property.
7. Promoting energy and resource efficiency through the identification of relevant technologies and financing opportunities.
8. Enhancing management practices through capacity-building initiatives.

**Figure 5.10. EEN Services in a Nutshell**

  <p><b>Sustainability</b></p> <p>We guide companies in their transition to more sustainable business models</p>	  <p><b>EU Single market</b></p> <p>We help businesses navigate EU legislations, policies and benefit from the opportunities offered by the Single Market</p>	  <p><b>Digitalisation</b></p> <p>We help SMEs tailor digital solutions to their business needs</p>
  <p><b>Innovation</b></p> <p>We enhance businesses' potential to innovate, grow and develop disruptive products</p>	  <p><b>Business, Technology and R&amp;D Partnering</b></p> <p>We match companies with the right business partners and to promote new technologies globally</p>	  <p><b>Resilience</b></p> <p>We empower SMEs by building up their business agility and resilience to future challenges</p>
  <p><b>Internationalisation</b></p> <p>We support businesses to enter international markets and to seize new commercial opportunities</p>	  <p><b>Access to finance</b></p> <p>We help you identify sources of finance and ensure your business is investor ready</p>	  <p><b>Access to EU funding programmes</b></p> <p>We identify EU funding opportunities that suit your business' needs and help you apply</p>

**Source:** <https://een.ec.europa.eu/about-enterprise-europe-network/advice-support>



Furthermore, the EEN furnishes support tailored to fostering business innovation. These innovation support services are offered following a thorough evaluation of the specific needs and developmental stage of each enterprise. At an initial level of engagement, network services encompass:

1. Disseminating information concerning policies, legislation, and support programs related to innovation.
2. Establishing connections with local innovation stakeholders.
3. Providing information about accessing local sources of funding and support.

As a final note in this part, it must be added that the EEN is expected to operate and offer its resources and assistance to SMEs within the framework of the Single Market policies and initiatives that are in place during 2021-2027 period. It reflects a commitment to sustaining and furthering the benefits of a unified and harmonized market for SMEs in Europe during this timeframe.

### **Critical Review of the EEN's Activities**

One noteworthy observation regarding the value of investigating the EEN for this report is that the European Court of Auditors has recently conducted an extensive review of EEN's activities and identified areas for improvement, even for this well-organized network, in terms of fulfilling its mandate.

The main points from the ECA (2022) review are as follows:

- EEN has largely met its objectives during the 2015-2021 period but lacks visibility, especially in third countries. While high-level targets were achieved, the EEN's recognition among SMEs remains uncertain. Some targets, like SME recognition and the number of SMEs receiving support services, fell short due to methodological changes.
- Coordination between the EEN and national instruments is important, but its full potential has not been realized. Many believe the EEN provides additional support for European SMEs, but there is a desire for deeper integration into national and regional organizations. Agreements with various international organizations and instruments have been established, but many are still pending.
- The EEN has a presence in various countries, but stakeholders have identified gaps in third-country coverage. Service quality varies among Business Cooperation Centers (BCCs), with some performing well and others facing criticism.
- EEN members seek further training and outreach in access to finance and free trade agreements. Access to finance is a top priority for SMEs, and improving awareness and access to financial information is crucial. Training, especially on FTAs and access to finance, is needed, and there is a demand for enhanced IT tools and interactive learning opportunities.

### 5.1.6 ASEAN Access

In June 2021, the ASEAN Coordinating Committee on Micro, Small, and Medium Enterprises (ACCMSME) unveiled ASEAN Access, an extensive business information portal tailored for internationally focused enterprises seeking to expand their market presence within ASEAN and other regions.

This flagship initiative of ACCMSME, spearheaded by Thailand's Office of SMEs Promotion (OSMEP) and supported by the Federal Government of Germany and the German Agency for International Cooperation (GIZ), is in alignment with the ASEAN Strategic Action Plan for SME Development 2016–2025. The overarching goal of this plan is to nurture globally competitive Micro, Small, and Medium Enterprises (MSMEs) seamlessly integrated into the ASEAN community. Key focus areas encompass initiatives aimed at boosting productivity, technology, and innovation, expanding access to finance, enhancing market access and internationalization, improving policy and regulatory frameworks, and fostering entrepreneurship and human capital development.

Operating under the banner "Your Business Information Gateway to ASEAN and Beyond," ASEAN Access endeavors to facilitate the internationalization of MSMEs. It offers trade-related information and market opportunities to ASEAN businesses, cost-free, from both supplier and customer perspectives. This comprehensive resource empowers enterprises to make well-informed decisions before venturing into specific ASEAN markets.

In 2019, intra-ASEAN trade constituted the largest share of ASEAN's total merchandise trade, amounting to 22.5 percent. This statistic underscores the significant interdependence among ASEAN Member States concerning trade. However, the onset of the COVID-19 pandemic substantially disrupted regional businesses due to reduced demand for goods and services. Nevertheless, this challenging period provided an impetus for businesses to accelerate their digital transformation and diversify their revenue sources.

To mitigate the inherent risks associated with entering new markets, the portal establishes connections between businesses and specialized service providers in various domains, encompassing distribution, transportation, logistics, market research, intellectual property, legal regulations, and more (refer to <http://www.aseanaccess.com>).

Ownership of the ASEAN Access online portal rests with the ten ASEAN Member States (AMS), with Thailand serving as the host country. Functioning as the regional "one-stop business information gateway," the portal caters to the needs and aspirations of ASEAN SMEs engaged in cross-border trade. It features market discussions and virtual matchmaking sessions, all accessible online and at no cost to participating SMEs, service providers, business associations, and other network collaborators. The platform continually updates and supplements its resources, including e-learning materials and sector briefings on pivotal industries, market dynamics, and policy orientations.

ASEAN Access employs a distinctive governance structure that fosters collaboration between the public and private sectors. While ACCMSME, through a dedicated taskforce, offers strategic direction, it is the private network partners that drive activities and focus areas. Depending on their interests, special attention is given to engaging various stakeholders, including women entrepreneurs, who serve as ASEAN Access Ambassadors.

Simultaneously, ASEAN Access is interconnected with national SME portals within AMS. Within the framework of the Initiative for ASEAN Integration (IAI), ASEAN Access program collaborates with relevant public authorities and private partners in Cambodia, Lao PDR, and Vietnam to bridge regional and country-specific priorities. This includes initiatives to enhance SME readiness for adopting new business models, particularly those related to sustainable production and consumption.

As outlined by GIZ (2023), the anticipated outcomes of this new network are as follows:

- *Continuous Growth in User Base:* Since its launch in 2021, the number of ASEAN Access users has consistently increased, with over 2,900 members currently registered and 47 network partners connected. Further SMEs engaged in cross-border activities are expected to join the portal, attesting to the benefits of its interactive features.
- *Institutional Sustainability:* Ensuring the long-term sustainability of ASEAN Access necessitates securing adequate funding and human resources from both the host country and other AMS. In the context of the post-2025 vision for the ASEAN Economic Community (AEC), ASEAN Access holds a prominent position as part of a broader "ecosystem" for delivering SME information and services across the ASEAN region.
- *Enhanced Services for National SME Portals:* National SME portals in Cambodia and Vietnam are expected to attract a wider range of users through new services. This gradual buildup will mobilize a community of SMEs that use these portals to prepare for cross-border activities. Appropriate governance frameworks have been discussed and agreed upon with relevant partners in the respective AMS.
- *Policy Influence:* Relevant public and private partners in ASEAN are anticipated to incorporate forward-looking topics and recommendations from policy dialogues into their strategy papers. This will substantiate the results of the ASEAN SME Policy Index (ASPI) 2024, formulated by ACCMSME with joint support from GIZ, the Organization for Economic Co-operation and Development (OECD), and the Economic Research Institute for East Asia and ASEAN (ERIA).

## **5.2 Business Networks in the OIC Economies**

This section provides details on local and regional business networks active in OIC countries. The content addresses aspects of the management and operational structure of these networks. While there are several platforms that facilitate SME internationalization in OIC member economies such as Malaysia and Türkiye, a comprehensive OIC-wide platform has yet to be

established. Despite the concerted efforts of OIC member states to promote SME internationalization, significant progress is still needed.

Most importantly, the depth of information available in OIC member states is not as comprehensive as in developed countries. Therefore, this section draws on a range of sources, including literature, institutional websites, news reports, and similar sources.

### **5.2.1 Examples of Domestic SME Networks**

This section summarizes domestic networking efforts in a number of OIC countries reported in the Asian Development Bank (ADB) Member in 2020, 2021 and 2022 to showcase that there indeed is a great interest in clustering and networking of the firms, both SMEs and larger firms.

#### **Azerbaijan**

- EnterpriseAzerbaijan.com, under the Center for Economic Analysis and Communication, provides networking, capacity building, and incubation opportunities for MSMEs and startups.
- INNOLAND, founded in 2018, is an incubation and acceleration facility supporting startups with co-working space and training programs.
- Enterprise Azerbaijan, operated by the Center for Analysis of Economic Reforms and Communication, attracts investment and offers funding access for business development.
- The Azerbaijan Chamber of Commerce and Industry supports local businesses by facilitating international collaborations, disseminating commercial offers, and organizing B2B meetings, seminars, and conferences.
- Nonprofit business associations, including the National Confederation of Entrepreneurs (Employers) Organizations, advocate for businesses' rights and interests and offer networking opportunities.
- Sector associations, such as the Azerbaijan Packaging Industry Association, Machinery and Equipment Manufacturers Association, and others, advocate for businesses in their respective sectors.
- Foreign trade chambers like the American Chamber of Commerce, Türkiye–Azerbaijan Chamber of Commerce and Industry, German-Azerbaijani Chamber of Commerce, and others, facilitate dialogue with the government, organize networking events, and provide business services.

#### **Bangladesh**

- National Association of Small and Cottage Industries of Bangladesh (NASCIB): Established in 1984, NASCIB operates in all 64 districts, aiming to create a self-sustainable CMSME ecosystem. It offers skill development programs, consultancy, and advisory services, business networking through trade fairs, and policy advocacy. NASCIB assists members in accessing finance and prioritizes agribusinesses, R&D, and

women entrepreneurship. Challenges include limited access to finance, markets, networks, information, and professional management.

- Dhaka Chamber of Commerce and Industry (DCCI): Founded in 1958, DCCI is one of the largest chambers with a focus on MSME development. It offers capacity-building programs, including topics like international trade and e-commerce. DCCI emphasizes MSME cluster development and women entrepreneurship, working with government and private organizations.
- Metropolitan Chamber of Commerce and Industry (MCCI): Established in 1904, MCCI primarily serves larger industries but indirectly supports small enterprises. It provides consulting services, skill development programs, and engages in policy advocacy.

### **Brunei Darussalam**

- The country has autonomous business networking communities that support MSME development, including the National Chamber of Commerce and Industry (NCCI) established in 1985.
  - The NCCI has 1,300 members, mainly MSMEs, primarily in sectors like agriculture, tourism, food and beverage, and services.
  - The NCCI offers business matching services, training programs, and integrity checks for businesses.
- The Brunei Malay Chamber of Commerce and Industry plans to launch an incubation program for youth, providing business planning support, workshops, office space, and connections to financial institutions.
- The Young Entrepreneurs Association of Brunei, established in 2000, supports entrepreneurs across diverse industries and facilitates local and international business linkages.
- Agribusiness and Islamic-based entrepreneurship offer promising opportunities for young entrepreneurs in Brunei.
- The government's I-Ready Apprenticeship Program connects unemployed graduates to various sectors, offering opportunities for MSMEs to scale up their manpower.

### **Indonesia**

Business associations in Indonesia:

- Indonesian Chamber of Commerce and Industry (KADIN): Established in 1968, it is the largest with two million MSME members. It offers business matching, training, business information, and advisory services through its extensive network.
- Employers' Association of Indonesia (APINDO): Although not specifically for MSMEs, it supports business owners and entrepreneurs through training and certification programs.
- Indonesian E-Commerce Association: Established in 2012 by leading domestic start-ups, it promotes e-commerce industry development, public awareness, and human resource development.

- Indonesia Business Women Association (IWAPI): Founded in 1975, it supports women-led MSMEs and entrepreneurs with business networking, training, information, and advisory services.

Government authorities also provide capacity development programs for MSMEs, focusing on technical and skill development. Ministries such as Cooperatives and SMEs, Industry, and Trade offer various initiatives, often in collaboration with international donors. The Ministry of Research and Technology runs a technology business incubation program.

### **Kyrgyz Republic**

- There are approximately 100 business associations in the Kyrgyz Republic, with the Chamber of Commerce and Industry being a prominent organization supporting MSME development.
  - The Chamber offers networking opportunities, business services, and international exhibitions.
- Various MSME development associations provide consultations, information, knowledge, and networking support while conducting research and addressing vulnerabilities.
- Multiple ministries and agencies contribute to startup development, such as the Ministry of Economy and Commerce establishing an "Entrepreneurs Service Center" as a single window for MSMEs.
- Initiatives for information related to green technology, organic food production, waste recycling, and other areas of interest to MSMEs are promoted by the State Service of Intellectual Property and Innovation (Kyrgyzpatent), the Ministry of Environment, and commercial banks.

### **Malaysia**

- The Malaysian International Chamber of Commerce and Industry, established in 1837, serves both multinational and SME members with headquarters in Kuala Lumpur and seven branch networks across Malaysia.
  - It has approximately 1,000 member corporations, with 60percent being multinationals and 40percent SMEs (400 corporate partners).
  - The chamber engages in advocacy with the government through national councils focusing on trade, investment, taxation, logistics, infrastructure, and human capital and education.
  - It facilitates business matching through networking events, offers advisory services, and conducts capacity-building training programs on legislative issues, corporate governance, and taxation.
- Malaysia also has an active SME Association founded in 1995, dedicated to supporting SME business development.
  - The SME Association provides skill training programs and organizes business networking events.

- It advocates for SME interests with the government and boasts a membership of 3,500 with 13 branch offices across the country.

## **Pakistan**

- The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) encompasses 58 chambers of commerce (CCIs) with members from MSMEs and large corporations, including 16 Women’s Chambers.
  - CCIs offer various services, including networking, training, and advocacy, with larger ones assisting with tax, export regulations, and utility matters.
  - The Lahore CCI, founded in 1923, provides a single-window facilitation center with help desks for collaboration with government departments.
  - Membership in CCIs is voluntary, typically requiring an annual nominal fee; approximately 40percent of MSMEs are CCI members.
- Pakistan has sector-specific associations like the All Pakistan Textile Mills Association (APTMA), Pak Readymade Garment Manufacturers and Exporters Association, Pakistan Sports Goods Manufacturers and Exporters Association, and Pakistan Software Houses Association (P@SHA).
  - These associations address industry-specific issues, such as energy tariffs, duties, and taxes, and engage with the government for resolutions.
  - P@SHA, for example, advocated successfully for a reduction in federal general sales tax on IT services.
- Business incubators and accelerators, both private and government-backed, support startups, with examples like SEED Ventures, Invest2Innovate, and National Incubation Centers (NICs).
  - NICs, established through public-private partnerships, are located in provincial capitals like Islamabad, Karachi, Lahore, Peshawar, and Quetta.
  - They offer infrastructure, training, networking opportunities, and policy development support.
  - NICs have trained 242 teams from 2017 to 2020, generating an estimated PR\$2.9 billion and 100,000 jobs.

## **Uzbekistan**

- Uzbekistan has various active business associations supporting small businesses, with one of the largest being the Chamber of Commerce and Industry of the Republic of Uzbekistan.
- The chamber has over 25,000 business members, including MSEs, and focuses on creating favorable conditions for entrepreneurship, improving the business climate, and representing and protecting members' interests.
- The chamber assists entrepreneurs in expanding business contacts, promoting exports, provides information support, consulting services, and represents their rights and interests.

- A partnership with the Korea International Cooperation Agency aims to promote a business incubation system in Uzbekistan, with a \$5.5 million project supporting entrepreneurs' business ideas.
- A World Bank-supported project in collaboration with the chamber aims to develop rural entrepreneurship in the Ferghana Valley, creating nine business incubators in different districts.
- The Businesswomen's Association, established in 1991, empowers women economically and socially, supporting their entrepreneurial initiatives and providing training.

### 5.2.2 The Need for an International Business Network for SMEs

As explained upon in the preceding section, various OIC countries have embarked on initiatives to foster the establishment of clusters and networks among their respective SMEs. While some of these undertakings have met with success, others have encountered challenges along the way.

One noticeable absence in this landscape is the lack of an international platform or hub designed to enhance the competitive edge of SMEs within OIC countries. Such a platform could play a central role in cultivating a business networking environment that not only caters to the local priorities of SMEs but also aligns with their global aspirations. Moreover, such a dedicated SME business network has the potential not only to enhance collaboration among institutions dedicated to supporting SMEs at an institutional level within OIC countries but also to foster partnerships and cooperation with non-OIC countries. This expanded scope of collaboration can significantly amplify the impact and reach of initiatives aimed at bolstering SME competitiveness on a global scale.

Admittedly, within the realm of OIC institutions, several entities do pursue objectives that partially align with the aforementioned aspirations:

The Islamic Center for the Development of Trade (ICDT), an OIC Subsidiary Organ was established in 1983 aims to encourage interactions among businesspersons from its Member States, facilitating their engagement and organizing fairs, exhibitions, B2B Meetings, symposia and training seminars and the Trade and Investment Network for Islamic Countries ([www.icdt-cidc.org](http://www.icdt-cidc.org)) and contributes to ease the connection between OIC SMEs. Similarly, the Islamic Chamber of Commerce, Industry and Agriculture (ICCIA), established over four decades ago, has been instrumental in forging stronger partnerships with the OIC Chambers of Commerce and Industry.

Furthermore, a recent development in this landscape is the proposal put forth in a report prepared for submission at the 38th Session of the COMCEC in November 2022, which outlines the establishment of the OIC Business Intelligence Center (OBIC) by ICIEC, IsDB, SESRIC, ICDT, and ICCIA. The objectives of OBIC as stated in COMCEC (2022) are to:

- Develop a comprehensive business intelligence ecosystem customized to the specific needs of all OIC countries. This includes:



- Formulating regulatory guidelines
- Implementing effective data collection mechanisms
- Ensuring robust cybersecurity protocols
- Safeguarding consumer and creditor rights
- Establishing frameworks for cross-border data flow
- Fostering public-private partnerships
- Encouraging the formation of industry associations
- Create a state-of-the-art business intelligence database and digital platform with the following features:
  - Encompass cross-border credit registry
  - Provide interconnected credit bureau services
  - Extend its coverage across all OIC countries
- Offer advisory services, including capacity building, to member countries at different stages of development to maximize the impact of business and credit intelligence.
- Develop an optimal operational model through strategic partnerships and explore the possibility of establishing regional offices to cater to member countries with varying levels of maturity.
- Formulate a robust business model to ensure the long-term sustainability and effectiveness of the center's initiatives.

### **5.2.3 Justification of Establishing an SME Network at the OIC Level**

Embarking on the transformative journey of enhancing economic prosperity within the OIC countries, the proposition of an SME network takes center stage. This strategic initiative envisions both immediate and sustained impacts, addressing challenges and capitalizing on opportunities in the global market:

- *Collective Advocacy:*
  - *Short Term:* Participating in collective advocacy enables SMEs to swiftly amplify their influence, leading to immediate gains such as enhanced visibility and favorable policy changes.
  - *Long Term:* Over the long term, this engagement establishes a foundation for sustained influence, fostering industry growth, heightened competitiveness, and the cultivation of a positive reputation within the business network.
- *Global Competitiveness:*
  - *Short Term:* An SME network at the OIC level will provide immediate access to a global platform, enabling member countries to collectively address challenges and capitalize on opportunities in the international market.

- *Long Term:* Strengthening global competitiveness ensures sustained economic growth for OIC countries, fostering innovation and allowing SMEs to actively contribute to the evolving global business landscape.
- *Collaborative Innovation:*
  - *Short Term:* Immediate collaboration among SMEs from different OIC countries facilitates the sharing of innovative ideas and solutions.
  - *Long Term:* As the network matures, collaborative innovation becomes a cornerstone for long-term success, driving advancements in technology, processes, and products.
- *Economic Resilience:*
  - *Short Term:* A collective approach provides SMEs with resilience against external shocks and economic downturns.
  - *Long Term:* The network becomes a strategic asset, ensuring economic resilience by diversifying risks and creating a robust ecosystem capable of weathering global economic uncertainties.
- *Access to Resources:*
  - *Short Term:* Immediate access to shared resources, including knowledge, skills, and financial support, enhances the capacity of SMEs to compete globally.
  - *Long Term:* The network acts as a conduit for sustained resource mobilization, ensuring SMEs have the necessary tools and expertise for long-term success.
- *Market Expansion:*
  - *Short Term:* Quick entry into new markets through collaborative efforts facilitates rapid growth for SMEs.
  - *Long Term:* The network becomes an instrumental driver for long-term market expansion, opening up diverse opportunities and reducing dependence on limited markets.

#### **5.2.4 Connection to Successful Examples in the World**

Connecting the OIC SME Network to international models is crucial for several reasons:

- *Learning Best Practices:* International models provide valuable insights and best practices that have proven successful in fostering SME growth and competitiveness. By connecting to these models, the OIC SME Network can learn from the experiences of others, avoiding potential pitfalls and optimizing its strategies.
- *Adaptability:* The global business landscape is dynamic, and successful international models often demonstrate adaptability to changing circumstances. Integrating these models into the OIC SME Network allows for a more flexible and responsive approach, ensuring that the network can navigate evolving challenges effectively.

- *Global Collaboration:* Establishing connections with international models facilitates global collaboration. The OIC SME Network can benefit from shared knowledge, collaborative projects, and partnerships with successful networks worldwide. This interconnectedness amplifies the impact and reach of the OIC network on the global stage.
- *Technology Integration:* International models often incorporate cutting-edge technologies and innovative solutions. By connecting to these models, the OIC SME Network can stay technologically competitive, ensuring that it leverages the latest advancements to benefit its member countries.
- *Benchmarking and Evaluation:* Connecting to international models provides a benchmark for evaluating the performance and effectiveness of the OIC SME Network. Comparative analysis allows for continuous improvement, ensuring that the network remains at the forefront of supporting SMEs within the OIC countries.
- *Cultural Exchange:* International models also offer an opportunity for cultural exchange and understanding. By connecting with successful networks from different regions, the OIC SME Network can gain insights into diverse approaches and tailor its strategies to suit the unique cultural and economic contexts of OIC member states.

In essence, connecting the OIC SME Network to international models is not just about emulation; it's a strategic move to leverage global expertise, foster collaboration, and ensure that the network is well-positioned to meet the challenges and opportunities of the international business environment.

### **5.3 Conclusion**

In the realm of SMEs, collaboration is key to success. SMEs thrive when they are part of a dynamic business community, both locally and globally. The exchange of resources, including information, finances, skills, and technology, is crucial for SMEs to identify their competitive niches and prosper. This collaborative environment can be facilitated through platforms like business networks, which aim to foster innovation, internationalization, and foreign relationships.

The first section of the chapter explores various local and international business networks, offering insights into their structures and operations. Examples include public SME agencies like the Small Business Administration in the U.S. and Enterprise Singapore, as well as non-public associations like COSMED in France and RetImpresa in Italy. The discussion extends to successful international networks such as UNCTAD's EMPRETEC, UNIDO's Cluster and Network Development initiative, the Global Small Business Network, the Enterprise Europe Network, and ASEAN Access.

The UNCTAD EMPRETEC initiative focuses on building sustainable and globally competitive SMEs by providing support at the grassroots level. It collaborates with host countries,

implementing national programs and forming partnerships with various stakeholders. Similarly, UNIDO's Cluster and Network Development initiative aims to connect micro, small, and medium enterprises (MSMEs) in developing nations, fostering enduring connections and supporting regional or national CND policies. The Global Small Business Network, anchored by the SBDC model, strives to enhance the competitiveness of MSMEs globally, offering efficient and scalable assistance. The Enterprise Europe Network, established by the European Commission, aids SMEs in internationalization through advisory services across regulatory, market, financial, and managerial domains. Finally, ASEAN Access serves as a business information portal, promoting the internationalization of MSMEs within ASEAN and beyond, fostering connectivity and mitigating risks associated with entering new markets.

The second section examines a sample of the domestic networking efforts of several OIC countries, as reported by the Asian Development Bank in 2020, 2021, and 2022, demonstrating a strong interest in clustering and networking among both SMEs and larger firms. In Azerbaijan, initiatives like EnterpriseAzerbaijan.com, INNOLAND, and the Azerbaijan Chamber of Commerce and Industry support MSMEs and startups through networking, capacity building, and funding access. In Bangladesh, organizations such as NASCIB, DCCI, and MCCI contribute to creating a self-sustainable CMSME ecosystem with skill development, consultancy, and advisory services. Brunei Darussalam showcases autonomous business networking communities supporting MSMEs, including NCCI and the Brunei Malay Chamber of Commerce and Industry.

It is also understood that Indonesia's business associations, including KADIN, APINDO, the Indonesian E-Commerce Association, and IWAPI, offering extensive support to MSMEs. The Kyrgyz Republic emphasizes its Chamber of Commerce and Industry, various MSME development associations, and government initiatives for startup development. Malaysia's efforts involve the Malaysian International Chamber of Commerce and Industry and the SME Association, providing business matching, advisory services, and capacity-building training. In Pakistan, the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), sector-specific associations, and business incubators like SEED Ventures and National Incubation Centers support MSMEs.

The chapter wraps up by underscoring the importance of establishing an international business network for SMEs in OIC countries. It highlights and justifies this need, showcasing the pros and cons of two highly successful networks—EMPRETECE and EEN (Boxes 6 and 7). The aim is to provide a framework for assessing key takeaways and discerning aspects that may not be applicable.

## Box 6: EMPRETEC- What to Adapt? What not to Adapt

The EMPRETEC program by the UNCTAD stands as a commendable model for aspiring entrepreneurs, particularly in its Business Linkages Program. There is potential for adaptation of this program by the OIC countries when establishing an OIC-wide SME network. The advantages and disadvantages of such an endeavor are as follows, considering the unique context and challenges faced by OIC nations.

### Advantages:

1. **Elevating Domestic Enterprises:** The Business Linkages Program offers a swift and effective means to enhance the competitive edge of local SMEs. By establishing connections between foreign corporate affiliates and domestic enterprises, OIC countries can provide their SMEs with access to global markets, financing, technology, managerial expertise, and specialized knowledge. This not only accelerates the growth of local businesses but also contributes to the overall economic development of the OIC region.
2. **Cost Reduction and Adaptability for MNEs:** The program facilitates partnerships between MNEs and local SMEs, enabling MNEs to reduce transactional and operational costs. This collaboration enhances the adaptability of MNEs to local conditions, expediting the transfer of technologies and products. The mutual benefits accrued from such partnerships contribute to the economic prosperity of both MNEs and domestic firms.
3. **Operational at the Grassroots Level:** UNCTAD's approach involves collaboration with host countries and local stakeholders, operating at the grassroots level. By partnering with local development agencies, business service providers, and governmental ministries, the program ensures a comprehensive and context-specific implementation. This grassroots engagement fosters active participation and trust among local stakeholders.
4. **Capacity Building and Efficiency Enhancement:** The program acts as a catalyst for elevating the performance, productivity, and efficiency of local suppliers. Through training, mentorship, information exchange, quality enhancements, innovation, and technology transfer, the Business Linkages Program provides comprehensive support to local SMEs. This capacity-building approach is crucial for the sustainable development of SMEs within the OIC region.
5. **Policy Environment and Networking Support:** UNCTAD extends its support beyond the operational aspects of the program by aiding in the construction of an enabling policy environment. Additionally, it facilitates the establishment of networks comprising business development and service providers. Drawing from international experiences and best practices, this support contributes to the creation of a conducive environment for SME growth. A similar practice can be adapted by the new OIC SME network as well.

### Challenges:

1. **Selection Process Rigidity:** While the meticulous selection process ensures the commitment of participating companies, it may pose challenges in terms of inclusivity. OIC countries must strike a balance between stringent criteria and ensuring broad representation to maximize the program's impact.
2. **Cultural and Regulatory Variability:** OIC countries encompass diverse cultural and regulatory landscapes. Adapting the Business Linkages Program requires careful consideration of these variabilities to ensure that the program aligns with local practices and regulations without compromising its core objectives.

**Financial Commitment from MNEs:** The expectation of MNEs to participate in cost-sharing endeavors may face resistance, particularly if the economic conditions of OIC countries vary significantly. Balancing the financial contributions of MNEs with the economic capacities of local SMEs will be crucial for sustained collaboration.

## Box 7: EEN- What to Adapt? What Not to Adapt

### Implementation

The COSME Program, designed based on the importance of SMEs in the EU economy, benefited a total of 39 countries, including EU member states and countries like Türkiye Albania, Armenia, Iceland, Montenegro, North Macedonia, Moldova, Serbia, Bosnia and Herzegovina, Ukraine, and Kosovo.

The COSME Program Agreement between Türkiye and the European Commission was signed in Brussels on October 16, 2014, and published in the Official Gazette on December 18, 2014, following a Cabinet decision on November 10, 2014.

KOSGEB played a crucial role in coordinating national and international funds to maximize Türkiye's benefits from the program. The program was promoted nationally, and technical support, monitoring, and guidance were provided during application and implementation processes. Lobbying and negotiation efforts were conducted at the EU Commission level to enhance Türkiye's participation.

### Achievements

According to data released by the European Commission, Türkiye ranked 8th in overall utilization among 39 countries and 5th in the number of funded projects under the COSME Program. The program aimed at ensuring sustainable development and maximizing competitiveness for SMEs. However, in practice, the program indirectly reached SMEs by enhancing the capacities of institutions supporting SMEs' development. In addition to financial grants for accepted project applications, the program's tools and included platforms contributed to the development of capacities of institutions representing and serving SMEs, fostering international collaborations, and providing higher-value services to target audiences.

*Entrepreneurship Call-funded Projects.* Under the Entrepreneurship Calls, various projects were funded, including 12 projects for Young Entrepreneurs in the Erasmus Program, supporting 221 new entrepreneurs and 54 homeowner entrepreneurs from Türkiye. Social Economy Missions calls funded projects aimed at promoting accessible tourism, sustainable agriculture, and resilient regional ecosystems.

*Calls for Improvement of Framework Conditions.* Projects funded under these calls include initiatives by various organizations like Eskişehir Chamber of Industry, OSTIM Cluster, Geothermal Power Plant Investors Association, Ministry of Culture and Tourism, Eastern Black Sea Development Agency, and more. These projects focused on areas such as aerospace developments, cluster management, geothermal energy, local gastronomy excellence, diversifying tourism, and strategic alliances in the railway sector.

*EEN in Türkiye.* EEN served as a successful example of national and international collaboration between the public and private sectors in Türkiye. It started its activities during the Competitiveness and Innovation Framework Programme (CIP) and continued during the COSME period with 11 consortia consisting of 50 partners. A total of 54 consortia from 10 different clusters applied for the EEN call under the Single Market Program, and all applications were positively evaluated. Ongoing collaboration aims to further enhance achievements through continued efforts with the European Commission, EISMEA, relevant institutions, and Network Partners.

*Contributions to SMEs' Market Access.* Collaborative efforts, including the contributions of 11 KOSGEB Directorates, within the COSME period significantly facilitated SMEs' market access. Through EEN consortia, around 20,652 businesses received quality consultancy services, 101,367 participated in training seminars, 33,908 engaged in direct business-to-business meetings, and 12,667 benefited from collaboration efforts. Additionally, 860 businesses utilized innovation capacity measurements, leading to 695 collaboration agreements. The provided services resulted in increased turnover, new company formations, additional employment, and improved productivity for businesses.

*Continuing Activities under the Single Market Program.* The current Single Market Program's SME Component continues until 2027, with 54 partners, including technoparks, universities, chambers of industry and commerce, development agencies, etc., forming 10 consortia. The aim is to sustain network activities in Türkiye, fostering innovation, increased employment, and overall economic productivity.

In conclusion, while recognizing the ongoing efforts of institutions like ICDT and ICCIA, the chapter stresses the necessity of developing a dedicated SME platform. This platform should be specifically tailored to address the unique strengths, requirements, challenges, and opportunities inherent in OIC member states.

## 6 Towards an SME Business Network in the OIC Countries: COMp-NET

The chapter starts with arguments on the strengths and challenges of OIC countries in operationalizing a successful SME network are discussed, followed by a discussion on the financial needs and other prerequisites for this endeavor. The second part of the chapter outlines the proposed business model and action plan for establishing an OIC-wide SME platform.

### 6.1 A Compact Analysis of the Current Situation

#### Strengths

Since its establishment in 1969 in Rabat the OIC has served a diverse set of countries in their pursuit of collective interests, fostering collaboration in economic, political, and social spheres, and providing a platform for diplomatic dialogue and cooperation among member nations. Having such experience certainly helps these countries leverage several common factors when establishing a business network. Here are some potential strengths:

- *Diversity of Resources:* OIC countries span various continents and possess diverse resources, including natural resources, human capital, and cultural assets. This diversity can be a strength in establishing a business network that caters to different industries and markets.
- *Large Consumer Base:* With a combined population of over a billion people, OIC countries offer a substantial consumer base. This demographic advantage can attract businesses looking to tap into large and growing markets.
- *Islamic Finance Expertise:* Many OIC countries are leaders in Islamic finance, providing alternative financial systems compliant with Islamic principles. This expertise can attract businesses seeking Sharia-compliant financial solutions.
- *Strategic Geographical Location:* Some OIC countries are strategically located, serving as crossroads between different regions. This can be advantageous for businesses involved in international trade and logistics.
- *Cultural Connectivity:* Shared cultural and religious ties among OIC countries can foster strong business relationships. Similar cultural backgrounds may facilitate communication and understanding, which are essential for successful business collaborations.
- *Infrastructure Development:* Several OIC countries have been investing significantly in infrastructure development. Modern transportation, communication, and energy infrastructure can make it easier for businesses to operate and connect with one another.



- *Young and Growing Population:* Many OIC countries have a young and growing population. This demographic trend can contribute to a dynamic and expanding workforce, providing businesses with a pool of skilled and energetic professionals.
- *Innovation and Technology Potential:* Some OIC countries are making strides in innovation and technology. Investing in these sectors can position OIC countries as hubs for technology-driven businesses and startups.
- *Trade Agreements and Partnerships:* OIC countries often engage in trade agreements and partnerships with each other, creating a conducive environment for businesses to establish networks and benefit from preferential trade conditions.
- *Investment Promotion:* The establishment of the OIC Arbitration Centre to assist the parties from the Member States of the OIC and Non-OIC States, to settle commercial and investment disputes through arbitration and other methods of alternative dispute resolution.
- *Political Will for Economic Cooperation:* The OIC's commitment to economic cooperation and development can create a supportive environment for businesses. Political will to enhance economic ties can result in policies and initiatives that facilitate business networking.

Leveraging these strengths collectively can enhance the OIC's position in establishing a robust business network, promoting economic growth, and fostering collaboration among member countries.

### **Needs**

Irrespective of the aim and configuration of the proposed business network for the OIC countries, the following are the *fundamental needs* for its success:

- Trust among all participating network entities stands as a cornerstone. Given the integration of internal data in collaborative efforts, the establishment of this trust is of paramount importance.
- The voluntary participation and preservation of independence by all network entities are imperative.
- Collaboration unfolds in a dynamic and open manner. A rigid framework would prove inadequate in harnessing emerging opportunities.
- As network entities continue to compete in other domains, there is no inclination towards forming cartels. This dynamic underpins the vitality of the alliances and fosters a stimulating environment characterized by "coopetition."
- Collaboration yields distinct additional advantages for each participating network entity.
- Particularly for SMEs, the allure lies in accessing missing resources, expertise, and network associates while reciprocating with their own contributions to the partners. This enables each partner to focus on their strengths while tapping into the complementary strengths of other enterprises.

Certain *prerequisites* underscore the success of business networks in OIC countries and beyond:

- Business networks serve as a mechanism for further enhancing existing regional or entrepreneurial strengths rather than as a means to promptly address structural weaknesses.
- Member States are encouraged to establish specialized agencies for SMEs.
- There is a focus on organizing capacity-building programs that center around the management and services marketing of these SMEs agencies.
- The presence of a sufficient number of auxiliary and active enterprises constitutes a fundamental requirement for effective network development.
- Individual initiators, anchor companies, and engaged policymakers play indispensable roles in the inception and progression of a business network development endeavor.
- A well-defined emphasis on core competencies, a shared identity, and a collective vision must be established from the outset.
- Business networks necessitate the presence of adept cluster management structures led by competent, experienced, and motivated individuals.
- There is no universally applicable support framework for network entities. The guiding principle is that network management must offer value-added services to its constituents.

Authorities can provide necessary support to networks through well-conceived incentivizing programs, partnerships, and innovative service models, such as the "one-stop shop" approach. However, they cannot construct networks from scratch.

## **Challenges**

As per GIZ (2021), potential challenges to cluster and business development can be attributed to two primary factors:

### *1. Network Participants:*

- Discrepancies in the organizational structures and cultural backgrounds of the network participants.
- Absence of legal or financial avenues for fostering collaboration among the network participants.
- Deficiency in mutual trust among the network participants, indicative of shortcomings in the network's prevailing culture.
- Limited awareness and understanding of the individual actors within the network.
- An inadequate grasp of the intrinsic value associated with participating in network-related activities and the collective benefits that ensue.
- Ambiguous or unfeasible expectations held by the network participants.

### *2. Network Management Frameworks:*

- Insufficient implementation of informal activities aimed at cultivating trust through shared experiences within the network.

- Shortages in qualified personnel for network management, coupled with a dearth of professionalism, expertise, and competence among the staff responsible for network oversight.
- Limited financial resources allocated for the purposes of network management.
- An absence of consensus-driven strategies and universally accepted objectives.
- A lack of affiliations with pertinent external partner entities beyond the network, thus raising the risk of entrapment within the network's confines.

According to OECD (2004), there are two primary reasons why the majority of SMEs fail to fully leverage networking opportunities, and these issues need to be addressed.

1. *Lack of Motivation and Innovation Constraints:*

- Many SMEs do not actively engage in collaboration because they lack the motivation to do so, often due to a deficiency in innovation activities.
- SMEs frequently find themselves in a "low capability trap," where they are unable to identify their learning needs effectively. This is often a result of organizational shortcomings, a lack of crucial information, or deficiencies in managerial skills.
- The absence of proper self-diagnosis of innovation needs diminishes the perceived value of technological or organizational innovation, including networking.
- In many cases, SMEs lack the necessary competencies to manage innovation, particularly when it involves establishing and managing external connections.

2. *Barriers to Technological Entrepreneurship:*

- Technological entrepreneurship barriers exacerbate the negative impact of other networking obstacles.
- Fewer new technology-based firms (NTBFs) results in fewer intermediaries that bridge the information gap between large knowledge organizations and traditional industry firms.

The disincentives and obstacles faced by SMEs in networking result in three types of bottlenecks and distortions within multi-layered regional, national, and global research and innovation networks:

- *Lack of SME Collaboration:* Inadequate collaboration between SMEs restricts the flow of information and tacit knowledge, hampering non-technological innovation activities, such as market intelligence, design, branding, and human resource development.
- *Limited Interaction between High-Tech and Other Firms:* The insufficient interaction between high-tech companies and other entities hinders technological innovation and the diffusion of technology, especially in science-based fields.
- *Geographical Imbalances in International Cooperation:* There are disparities in international cooperation patterns, including the underdevelopment of "North-South" and "South-South" cooperation, which need to be addressed for a more equitable global innovation landscape.

## Opportunities

Engaging in business networks offers several opportunities that can significantly benefit OIC SMEs:

1. *Increased Scale and Scope:*
  - Collaboration within networks can lead to an expansion in the scale and scope of activities for each participating firm.
  - The outcomes of collaboration may find relevance in multiple markets, thus broadening the customer base for each firm.
  - Achieving synergy between different technological competencies and between technological and organizational innovation can significantly extend a firm's capabilities.
2. *Shared Costs and Risks:*
  - Innovations in today's landscape often come with substantial costs that may surpass the financial capacity of individual firms.
  - Collaborative agreements enable firms to pool resources and share the financial burden and risks associated with innovation.
3. *Improved Ability to Handle Complexity:*
  - Many critical technological advancements are intricate and draw upon a wide range of scientific and commercial knowledge.
  - Collaboration becomes essential to engage participants from diverse fields of expertise, helping firms navigate the complexities of various technology sources and forms.
4. *Enhanced Learning:*
  - In a rapidly changing market and technological environment, adaptability through continuous learning is crucial.
  - Collaboration facilitates learning about new and potential technologies, as well as how technological changes may impact existing business operations.
  - It can also prompt companies to adapt their organizational approaches effectively.
5. *Flexibility and Efficient Knowledge Management:*
  - Knowledge, often tacit and firm-specific, can be challenging to transfer through conventional market mechanisms.
  - Networks promote the exchange of various forms of knowledge based on mutual trust, fostering knowledge sharing even between large and small firms.
6. *Speed:*
  - Swift responses are often essential to seize emerging opportunities.
  - Networks can assemble a customized response package by leveraging a variety of resources, often surpassing the capabilities of a single firm in terms of flexibility and scope.

## 7. Resilience:

- The rapid pace of change in international markets and technology, coupled with the diversification and specialization of knowledge, creates uncertain and swiftly evolving environments for firms.
- In dynamic environments, firms must continually explore multiple contacts and accept a certain level of redundancy in their external connections to address evolving and largely unpredictable knowledge requirements effectively.

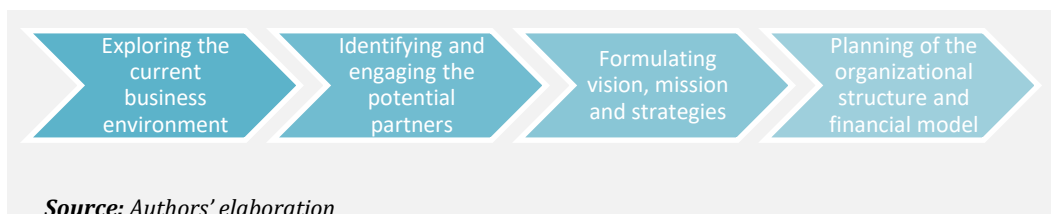
In summary, business networks offer firms the potential for growth, risk-sharing, adaptability, enhanced learning, efficient knowledge exchange, speed in responding to opportunities, and resilience in navigating complex and evolving business landscapes (OECD, 2004).

## 6.2 COMp-NET Initiation Framework

### 6.4.1. The Business Model

Network development typically employs a systematic, step-by-step methodology, with a significant emphasis on thorough preparation. It is underscored in the literature that clusters and networks cannot be exclusively devised through theoretical planning, as an excess of technical planning may impede the network's operational agility (GIZ, 2021). Therefore, the recommended approach for initiation of COMp-NET is a balanced one—comprehensive planning coupled with an openness to dynamically respond to emerging challenges.

**Figure 6.1. COMp-NET Development Steps**



In accordance with the outlined steps in Figure 6.1, a business model for COMp-NET is constructed, capturing the essence of how this proposed network is intended to operate. The model integrates various components, each playing an essential role in articulating the fundamental aspects of the network's functionality. It outlines key actors, resources, activities, partnerships, and the associated cost structure, offering a strategic roadmap for the network's development and sustainability. This business model serves as a dynamic framework for envisioning, planning, and optimizing the operational dynamics of COMp-NET, aligning its objectives with market demands and ensuring a robust foundation for success.

A crucial point to consider is that the implementation of COMp-NET's business model will span over several years to complete all the requisite steps. Step 1 is anticipated to become operational

in the short term, with step 2 scheduled for implementation in the medium term. Ultimately, steps 3 and 4 will be finalized in the long term, forming a dynamic framework.

### **Key Functions:**

1. *Cross-Sector Collaboration:* Facilitating collaboration and partnerships among Jordans' SMEs from different sectors, fostering an interconnected business community. Furthermore it can further enhance resource and information sharing between SMEs.
2. *Access to Finance:* Connecting SMEs with financial institutions, Micro Finance Institutes, Local Investors, and various funding opportunities.
3. *Market Access and Export Opportunities:* Providing a market intelligent platform for SMEs to explore international markets, export opportunities, and trade partnerships.
4. *Regulatory Guidance:* Offering information and guidance on regulatory compliance, helping SMEs navigate government regulations, and ensuring they operate within legal frameworks.
5. *Digital Transformation Support:* Promoting the adoption of digital technologies and e-commerce solutions among SMEs.
6. *Capacity Building and Training:* Conducting training programs and workshops to enhance the skills of SME owners and employees.
7. *Government and Industry Advocacy:* Advocating for the interests of SMEs at the government and industry levels.
8. *SME Support Services:* Offering support services such as business support services, mentorship, legal advice, and marketing assistance.
9. *Innovation and Research Collaboration:* Encouraging innovation by facilitating collaboration between SMEs and research institutions.
10. *Sustainable Business Practices:* Promoting sustainable business practices and corporate social responsibility initiatives among SMEs.
11. *Access to International Programs:* Connecting SMEs with international programs, grants, and initiatives.

### **Key Actors:**

- *The responsible SME agency:* This entity takes charge of coordinating and executing initiatives aimed at supporting the growth and development of SMEs. It plays a significant role in providing guidance and resources to enhance the SME sector.
- *Exporting and export-ready SMEs:* These SMEs are the central players engaged in international trade. Their involvement contributes significantly to economic expansion and represents the core entities benefiting from the collaborative network.

## Key Partners and Their Roles:

- *National government authorities:* In the most general sense the role of the national government is as follows: (i) Ensure that the network operates within the legal framework and complies with each countries regulations, (ii) Collaborate with different inter government agencies to align the network's objectives with national policies related to SME development, countries visions, (iii) Support in terms of financial resources, dedicated budgets or incentives for the establishment and sustainability of the network, (iv) Provide engagement and partnership frameworks which are needed to have a clear engagement framework to engage with government authorities to represent the interests of SMEs within the network and advocate for policies that support.
- *Related ministries:* Ministries related to SMEs, trade, entrepreneurship, industry, and other relevant sectors contribute by shaping policies and offering insights for regulations. Their role is vital in creating an environment conducive to SME growth.
- *Financial institutions:* Financial institutions play a crucial role in providing the necessary funding to SMEs involved in export activities. This support is essential for facilitating trade and business growth.
- *Domestic business:* Business networks at the domestic level, such as chambers of commerce and business associations, serve as facilitators for networking opportunities. They encourage collaboration and synergy among businesses, fostering a supportive ecosystem.
- *Entrepreneurship and trade-related NGOs:* Non-governmental organizations (NGOs) focused on entrepreneurship and trade provide valuable support for capacity building. Their efforts contribute to enhancing the skills and capabilities of SMEs, making them more competitive.
- *Universities and research Institutions:* Universities and research institutions may play also an important role, particularly if the network could link research initiatives with the market.
- *Related OIC institutions:* The OIC boasts a diverse array of organs, each poised to make distinct contributions to the network across various dimensions. Furthermore, in the medium term, one of these institutions has the potential to emerge as the host institution that houses the network.<sup>27</sup>
  - *Islamic Center for the Development of Trade (ICDT):* The main objective of ICDT is to enhance trade among OIC countries. Additionally, a key function involves encouraging contacts among businessmen of the Member States and bringing them together.

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<sup>27</sup> The list of OIC institutions is provided in Appendix 3.

- *Islamic Chamber of Commerce, Industry, and Agriculture (ICCIA)*: ICCIA aims at strengthening closer collaboration in the fields of trade, commerce, information technology, insurance/reinsurance, shipping, banking, promotion of investment opportunities and joint ventures in the member countries. Its membership consists of the National Chambers/Unions/Federations of Chambers of Commerce and Industry of the member countries. Through its members, the ICCIA could streamline the establishment of the network and subsequently facilitate its smooth functioning.
- *Islamic Development Bank (IsDB)*: IsDB, as a specialized institution of the OIC, functions as an international financing institution. The Bank's functions encompass providing equity participation and extending loans for productive projects and enterprises. Additionally, it offers financial assistance to member states in various forms to support their economic and social development. Furthermore, the Bank aims to foster foreign trade among member countries.
- *Standards and Metrology Institute for Islamic Countries (SMIIC)*: SMIIC committed to realizing harmonized standards in the Member States and eliminating technical barriers to trade and thus developing the trade among themselves. To facilitate the seamless exchange of materials, manufactured goods, and products, SMIIC intends to institute certification and accreditation schemes. The initial step in this process involves the mutual recognition of certificates among Member States.
- *Standing Committee for Economic and Commercial Cooperation (COMCEC)*: The committee monitors the implementation of resolutions in the economic and trade sectors, explores avenues to enhance collaboration among Member States, and formulates programs and proposals to bolster capacities in these domains. COMCEC holds the potential to significantly enhance network development during the establishment phase by acting as a bridge between its initiated SME Program and COMp-NET.

#### **Prerequisites:**

- *Trust among all participating network entities*: Establishing trust is fundamental for effective collaboration. It creates a foundation for open communication, information sharing, and mutual support among all network entities.
- *Voluntary participation and preservation of independence by all network entities*: The success of the network relies on the voluntary engagement of each entity, ensuring a genuine commitment. Additionally, preserving the independence of each entity fosters a healthy collaborative environment.
- *Distinct additional advantages for each participating network entity*: Ensuring that each participating entity gains unique benefits fosters a sense of mutual benefit. This approach encourages active participation and commitment to the collaborative goals.



- *Possibility of accessing missing resources, expertise, and network associates while reciprocating with their own contributions to the partners:* The network's strength lies in the reciprocal exchange of resources, expertise, and network connections. Participants should have the opportunity to access what they lack while contributing their own strengths.
- *Further enhancing existing regional or entrepreneurial strengths rather than as a means to promptly address structural weaknesses:* The focus of the collaborative effort is on building upon existing strengths for sustained growth rather than quickly addressing weaknesses. This strategic approach contributes to long-term success.
- *Anchor institutions and engaged policymakers:* Involving anchor institutions and policymakers provides stability and strategic direction to the network. Their engagement ensures a supportive environment at a broader level.
- *A well-defined emphasis on core competencies, a shared identity, and a collective vision from the outset:* Establishing a clear focus on core competencies, shared identity, and a collective vision provides a guiding framework for the network. It ensures alignment and coherence in pursuit of common objectives.
- *Adept network management structures led by competent, experienced, and motivated individuals:* Effective network management structures, led by competent, experienced, and motivated individuals, are essential for navigating complexities, making strategic decisions, and driving the success of the collaborative effort.

**Legal Form and Governance Structure:** Business networks can take various legal forms to formalize their organizational structure and operations. Options include a cooperation agreement, which establishes a collaborative framework; associations, whether non-profit or for-profit, providing a legal identity; foundations, serving philanthropic or public benefit purposes; corporations, facilitating a distinct legal entity; joint-stock companies, allowing for shared ownership; and hybrid forms, which combine features of both associations and private limited companies. The choice of legal form depends on the cluster's specific goals, structure, and the nature of its activities, enabling flexibility and alignment with its overarching objectives.

The central elements of the governance structure in a network are integral for its effective functioning and coordination. The structural component delineates competences and communication pathways, outlining responsibilities and establishing accountability for specific aspects within the network. The systems aspect focuses on the formal organization of operations, addressing how processes and procedures are structured to ensure smooth functioning.

Key requirements for the successful operation of a network include the imperative of rapid response capability, particularly essential in addressing the dynamic needs of network actors within highly competitive and globalized markets, especially those with a strong market orientation. Furthermore, achieving a delicate balance between integration and exclusivity is crucial. The network must be integrative and open to accommodate diverse competence

partners and actors, fostering collaboration. Simultaneously, it needs to be exclusive and selective to maintain stable cooperative structures and uphold the quality of member firms, playing a pivotal role in brand formation. The role of human resources emerges as a critical factor, emphasizing that adequate and skilled personnel are essential for the functionality and success of the network.

Against this background, the organizational structure of COMp-NET is intricately woven to ensure a harmonious blend of representation, expertise, and effective management.

At its core is the Board of Executive Directors, a group comprising elected officials, representatives from prominent bodies like the International Chamber of Commerce, the Islamic Development Bank and the Islamic Center for the Development of Trade, as well as individuals nominated by Member Countries. This diverse assembly reflects a commitment to inclusivity and a broad spectrum of perspectives.

Moving to the next layer is the Board of Executive Management, where the Chairman, chosen by Member Countries and appointed by the Executive Board, takes the helm. Alongside, a Director General, appointed by the Executive Board, adds a layer of professional leadership. The composition also includes representatives from national SME agencies, emphasizing a connection to grassroots efforts, and two representatives from SMEs for each regional hub, ensuring a nuanced understanding of regional dynamics.

Finally, the Day-to-Day Management team, led by the Director General, epitomizes the hands-on approach. Supported by an Assistant to the Director General, this team navigates the daily intricacies of operations, translating strategic decisions into tangible actions.

This three-tiered structure not only embodies a pyramid of responsibility but also stands as a testament to the commitment to collaboration, representation, and effective execution within the organization.

Last but not least, the governance structure of the network should involve focal points or representatives in each country. These individuals should serve as liaisons between the central network management and SMEs in their respective countries.

### **Key Actions:**

#### *Phase 1. Improving the Capacity of the Responsible SME Agency:*

- Experience sharing
- Technical support
- Joint policy development
- Training
- Forums and specialized exhibitions to bring together delegates and officials from partner countries
- Organizing events, conferences, and workshops
- Undertaking studies, analyses, and research
- Developing specific projects for member interests

*Establishment of COMp-NET under the auspices of an OIC Institution*

- Relation building
- Promotion of COMp-NET to non-network member OIC countries

*Phase 2. Selection of SMEs into COMp-NET:*

- Already exporting SMEs are natural candidates.
- Non-exporting SMEs passing the export-readiness test of the responsible SME agency

*Phase 3. Providing Capacity Building and Networking Support to Member SMEs:*

- Facilitating access to international markets
- Connecting businesses with international finance sources
- Assistance for digital transformation
- Market discussions and virtual matchmaking sessions
- Support for compliance with international standards
- Assistance on legal issues related to internationalization
- Identifying sources of finance at international levels
- Promoting energy and resource efficiency
- Organizing awareness-raising initiatives
- Arranging study tours
- Providing counsel to firms establishing vertical networks and export consortia
- Incentivizing programs, partnerships, and innovative service models
- Publishing regular reports

*Phase 4. Considering the Transformation of COMp-NET into a standalone agency under OIC:*

- Expansion of the New COMp-NET

**Value Propositions:**

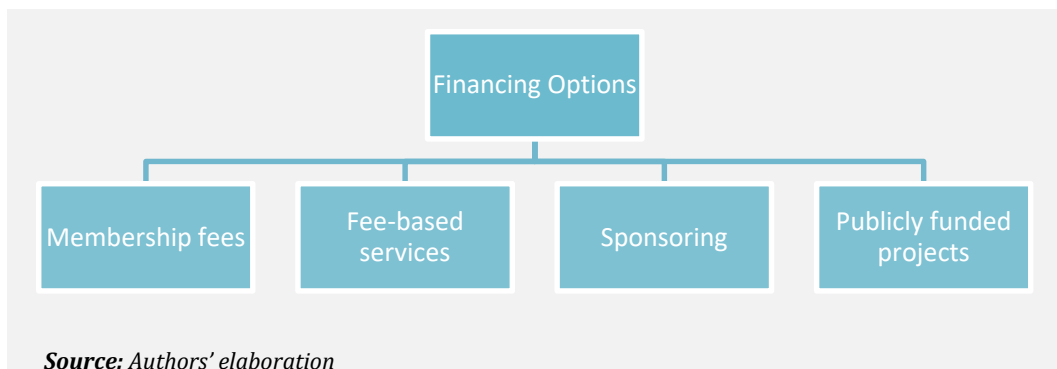
- *For Exporting SMEs:*
  - *New markets*
  - *New products*
  - *Higher export value*
  - *Higher export quality*
- *For Non-Exporting SMEs:*
  - *Export initiation*
- *For Member SMEs:*
  - *Potential for growth*
  - *Productivity gains*
  - *Efficient knowledge exchange*
  - *Labor skills upgrading*
  - *Revenue diversification*
  - *Hedging against domestic shocks*
  - *Speed in responding to opportunities*

- Resilience in navigating complex business landscapes
  - Access to finance
  - Regulatory guidance
  - Digital transformation support
  - Government and industry advocacy
  - Access to international programs

**Cost Structure:** The cost structure of the COMp-NET encompasses various essential components crucial for its effective operation. Personnel costs involve salaries and wages for individuals involved in managing and executing the network's activities. Rent and utilities cover the expenses related to securing office space and maintaining necessary utilities for the network's functioning. Office furnishings and equipment expenses account for the procurement and maintenance of furniture, technology, and other resources essential for day-to-day operations. Travel costs include expenditures associated with official travel, facilitating networking, collaboration, and engagement with stakeholders. Services procurement involves several key aspects such as training programs to enhance the skills of network personnel and member SMEs, consultancy services for expert guidance, events planning to organize conferences and workshops, security measures to safeguard network operations, and other miscellaneous services crucial for the network's efficiency. This comprehensive cost structure ensures that the network is adequately equipped to facilitate its key actions and deliver value propositions to its member SMEs while sustaining its operational capabilities.

**Financing Structure:** The financing options for COMp-NET encompass a multifaceted approach, strategically leveraging various sources to ensure financial sustainability (Figure 6.2).

**Figure 6.2. Determinants of Sustainable Finance**



*Membership fees* constitute an important revenue stream, and expansion is pursued through acquiring more members. This expansion involves the exploration of new member categories, potential adjustments to membership fees, and the consideration of a new pricing model to enhance flexibility and adaptability.

*Fee-based services* offer another avenue for revenue generation, with the exploration of new services and potential adjustments to the pricing of existing ones. This strategy aims to diversify income streams and cater to evolving market demands.

*Sponsorship* emerges as a valuable financing option, involving both donation-based and compensatory models. Donations without compensation contribute to the network's financial health, while sponsorships with compensation provide an avenue for mutually beneficial partnerships.

Engagement in *publicly funded projects* represents a strategic initiative to secure financial support. The network explores opportunities at the local, national, and regional levels, tapping into available resources and aligning with the goals of public initiatives.

This comprehensive range of financing options reflects a dynamic and adaptable financial strategy for the network, positioning it to navigate diverse economic landscapes and sustain its operations effectively. The nuanced exploration of membership dynamics, fee-based services, sponsorship models, and public project engagement underscores a strategic and forward-thinking approach to ensure the network's financial resilience and growth.

While the intent behind business plans for networks is often positive, there are instances where they may face failure, and the reasons for such setbacks are detailed in GIZ (2021) and summarized in Box 8.

### **Box 8. Dos and Don'ts of Business Network Initiation**

<b>DOs</b>	<b>DON'Ts</b>
<ul style="list-style-type: none"> <li>○ Begin and advance gradually, avoiding unrealistic expectations in the early stages.</li> <li>○ Recognize and engage a set of relevant key participants from both private and public sectors from the outset.</li> <li>○ Maintain transparency and openness to accommodate any additional interested parties.</li> <li>○ Develop an initial, basic concept for a management and financial model to effectively address the needs of the involved actors.</li> </ul>	<ul style="list-style-type: none"> <li>○ Do not launch a cluster solely based on policy without private sector commitment.</li> <li>○ Steer clear of excessive reliance on the interests of a single (large) company.</li> <li>○ Refrain from commencing without a thorough analysis.</li> <li>○ Prevent the core group and its activities from adopting a "closed shop character."</li> </ul>

#### **6.4.2. Proposed Action Plan**

Following the conclusion of the COMP-NET workshop, the action plan of the proposed network is materialized and documented in Table 6.1. The workshop served as the prerequisite for the coalescing of ideas, insights, and strategic considerations; ultimately outlining a comprehensive and formalized roadmap for COMP-NET's progression and attainment of its objectives. As mentioned in the previous section, the implementation of COMP-NET's business model will span over several years to complete all the requisite steps., as reflected in the action plan.

**Table 6.1. Action Plan**

<b>Description of Action Towards the Solution</b>	<b>Involved Institutions</b>	<b>Start - Completion</b>	<b>Performance Indicators</b>	<b>Description</b>
<b>SHORT RUN</b>				
Experience sharing	UNCTAD, Related OIC institutions, SME agencies of the COMCEC SME Program	In 2024	Online meeting (occurred/non-occurred)	-UNCTAD has successfully implemented an international SME network, named as EMPRETEC. The planned activity will provide a platform for UNCTAD to share challenges and successful implementations.
Experience sharing	EU, Related OIC institutions, SME agencies of the COMCEC SME Program	In 2024	Online meeting (occurred/non-occurred)	-EU has successfully implemented an international SME network, named as EEN. The planned activity will provide a platform for EU to share challenges and successful implementations.
Training	SME agencies of the COMCEC SME Program	In 2024	Webinars (4 times in 2024 – 3 hours each) (occurred/non-occurred)	-Webinars on various subjects would be provided such as internationalization of SMEs, network management, digitization, and data collection.
Training	SMEs of the COMCEC SME Program	In 2024	Webinars (2 times in 2024 – 3 hours each) (occurred/non-occurred)	-Webinars on various subjects will be provided such as business intelligence, access to finance, digitization, and branding.
Market discussions and virtual / face-to-face matchmaking sessions	SMEs of the COMCEC SME Program	In 2024	Online B2B meeting (occurred/non-occurred)	-B2B meetings aim to gather SMEs of the member countries to increase intra-OIC trade. To achieve purposeful and productive meetings, a specific sector such as halal food, tourism or

<b>Description of Action Towards the Solution</b>	<b>Involved Institutions</b>	<b>Start - Completion</b>	<b>Performance Indicators</b>	<b>Description</b>
				agricultural products will be selected.
Organizing events, conferences, and workshops on network building	Related OIC institution, SME agencies of the COMCEC SME Program	Spring 2024	Online workshop - 2 days intensive (occurred/non-occurred)	-Various aspects of network building will be discussed with the participants. - SME agencies will share their experiences on SME internationalization.
Organizing events, conferences, and workshops on network building	Related OIC institution, SME agencies of the COMCEC SME Program	December 2024	Face-to-face workshop - 2 days intensive (occurred/non-occurred)	-Decisions on the establishment process of COMp-NET such as -the governance structure -the financing structure -joint policy development -the future roadmap.
<b>MEDIUM RUN</b>				
Establishment of COMp-NET under the auspices of an OIC Institution	Related OIC institution, SME agencies of the COMCEC SME Program	2025-2027	Face-to-face meeting (occurred/non-occurred)	-Launching of COMp-NET -Formation of the institutional identity
Relation building	Different international SME networks and COMp-NET management	2025-2027	Online meetings (occurred/non-occurred)	- MoU with other SME networks
Promotion of COMp-NET to non-network member OIC countries	Related OIC institution, SME agencies of the COMp-NET members	2025-2027	Online or face-to-face meetings (occurred/non-occurred)	Introduction of COMp-NET -benefits -selection criteria -experience sharing
Technical support	Related OIC institution, SME agencies of the COMp-NET members	2025-2027	Reverse linkage events One event per year (occurred/non-occurred)	-Technical cooperation programs will be used to facilitate the transfer of knowledge and expertise, as well as sharing of best practices amongst partnering OIC Member States.

<b>Description of Action Towards the Solution</b>	<b>Involved Institutions</b>	<b>Start - Completion</b>	<b>Performance Indicators</b>	<b>Description</b>
Training	SME agencies of the COMp-NET members	2025-2027	Webinars (2 times a year – 3 hours each) (occurred/non-occurred)	-Training on SME network related subjects will be provided.
Market discussions and virtual / face-to-face matchmaking sessions	SMEs of the member countries of the COMp-NET.	2025-2027	Online B2B meetings for each sector (occurred/non-occurred)	-B2B meetings aim to gather SMEs in the network to increase intra-OIC trade.
Organizing events, conferences, and workshops on network building	COMp-NET partner countries, candidate COMp-NET countries	2025-2027	Face-to-face annual meetings - 2 days intensive-rotating location among member countries (occurred/non-occurred)	-Evaluation of the annual activities of the network -Planning for the next year
Publishing regular reports	COMp-NET management	2025-2027	Annual reports (completed/not-completed)	-Evaluation of the annual activities of the network -Data on network -Impact evaluation of the network
Undertaking studies, analyses, and research	COMp-NET management	2025-2027	Once in a year (completed/not-completed)	-Research studies on faced challenges. - Developing specific projects for member interests
SME support activities	COMp-NET management	2025-2027	Continuously (occurred/non-occurred)	-Conducting comprehensive diagnostic studies -Organizing awareness-raising initiatives through seminars and workshops



Description of Action Towards the Solution	Involved Institutions	Start - Completion	Performance Indicators	Description
				<ul style="list-style-type: none"> <li>-Arranging study tours for beneficiary firms and SME agencies</li> <li>-Providing counsel to firms on access to international markets, digital transformation, legal issues related to internationalization, sources of finance at international levels, international standards and certification assistance, establishing vertical networks and export consortia</li> </ul>
<b>LONG RUN</b>				
Transformation of COMp-NET into a standalone agency under OIC	COMp-NET management, OIC management, SME agencies of the member countries of the COMCEC SME Program	2028+	Various meetings and activities (occurred/non-occurred)	-Establishment of the new SME network: location, financing, governance, staffing etc.: "New COMp-NET"
Expansion of the New COMp-NET	New COMp-NET management	2028+	Various meetings and activities (occurred/non-occurred)	-New member countries from the OIC region will be admitted to the network based on a pre-determined criteria set.
Technical support	New COMp-NET management, SME agencies of the New COMp-NET members	2028+	Reverse linkage events One event per year (occurred/non-occurred)	-Technical cooperation programs will be used to facilitate the transfer of knowledge and expertise, as well as sharing of best practices amongst partnering OIC Member States.

<b>Description of Action Towards the Solution</b>	<b>Involved Institutions</b>	<b>Start - Completion</b>	<b>Performance Indicators</b>	<b>Description</b>
Training	SME agencies of the New COMp-NET member countries	2028+	Webinars (2 times a year – 3 hours each) (occurred/non-occurred)	-Trainings on SME network related subjects will be provided.
Market discussions and virtual / face-to-face matchmaking sessions	SMEs of the New COMp-NET member countries.	2028+	Online B2B meetings for each sector (occurred/non-occurred)	-B2B meetings aim to gather SMEs in the network to increase intra-OIC trade.
Organizing events, conferences, and workshops on network building	New COMp-NET partner countries	2028+	Face-to-face annual meetings - 2 days intensive-rotating location among member countries (occurred/non-occurred)	-Evaluation of the annual activities of the New COMp-NET -Planning for the next year
Publishing regular reports	New COMp-NET management	2028+	Annual reports (completed/not-completed)	- Evaluation of the annual activities of the network -Data on the network -Impact evaluation of the network
Undertaking studies, analyses, and research	New COMp-NET management	2028+	Once in a year (completed/not-completed)	-Research studies on faced challenges - Developing specific projects for member interests
SME support activities	New COMp-NET management	2028+	Continuously (occurred/non-occurred)	-Conducting comprehensive diagnostic studies -Organizing awareness-raising initiatives through seminars and workshops -Arranging study tours for beneficiary firms and SME agencies -Providing counsel to firms on access to international markets, digital transformation, legal issues

Description of Action Towards the Solution	Involved Institutions	Start - Completion	Performance Indicators	Description
				related to internationalization, sources of finance at international levels, international standards and certification assistance, establishing vertical networks and export consortia
SME support activities	New COMp-NET management	2028+	Continuously (number of SMEs benefiting from the portal)	-Establishing and maintaining an online market access platform/portal that connects international buyers, distributors and partners with COMp-NET SMEs

### **6.3 Conclusion**

This chapter discusses the potential establishment of a business network for SMEs in the OIC countries, dubbed as COMp-NET. It is essential to note that the execution of COMp-NET's business model is anticipated to unfold over several years to accomplish the comprehensive steps outlined in the chapter. These steps are thoroughly examined and elucidated in the action plan provided at the conclusion of the chapter.

The chapter begins by analyzing the strengths and challenges of OIC countries in creating a successful SME network, emphasizing factors like diversity of resources, large consumer base, Islamic finance expertise, strategic geographical location, cultural connectivity, infrastructure development, young and growing population, innovation potential, trade agreements, and political will for economic cooperation.

The needs for the success of the proposed business network include trust among participating entities, voluntary participation, dynamic and open collaboration, avoidance of forming cartels, and collaboration yielding distinct advantages for each participant. Prerequisites for effective business networks in OIC countries involve enhancing existing strengths, establishing specialized agencies for SMEs, organizing capacity-building programs, having a sufficient number of active enterprises, involving initiators and policymakers, focusing on core competencies, and having adept cluster management structures.

The chapter identifies challenges such as discrepancies in organizational structures and cultural backgrounds, limited trust, and ambiguous expectations among network participants. Network management frameworks face challenges like insufficient trust cultivation, shortages in qualified personnel, limited financial resources, and a lack of consensus-driven strategies.

Two primary reasons why SMEs may not fully leverage networking opportunities are highlighted: lack of motivation and innovation constraints, and barriers to technological entrepreneurship. These issues result in bottlenecks like limited collaboration between SMEs, inadequate interaction between high-tech and other firms, and geographical imbalances in international cooperation.

Opportunities presented by business networks for OIC SMEs include increased scale and scope, shared costs and risks, improved ability to handle complexity, enhanced learning, flexibility in knowledge management, speed in responding to opportunities, and resilience in dynamic environments.

The chapter proposes the initiation framework for COMp-NET, including a business model, organizational structure, key actions, value propositions, cost structure, and financing structure. The initiation framework emphasizes a balanced approach of comprehensive planning and dynamic response to challenges. Key actors include responsible SME agencies, exporting and export-ready SMEs, financial institutions, related ministries, domestic business entities, and entrepreneurship and trade-related NGOs.

The organizational structure of COMp-NET comprises a three-tiered system: Board of Executive Directors, Board of Executive Management, and Day-to-Day Management. The chapter outlines key actions in three phases: improving the capacity of the responsible SME agency, selecting SMEs into COMp-NET, and providing capacity building and networking support to member SMEs.

The value propositions of COMp-NET include new markets and products for exporting SMEs, export initiation for non-exporting SMEs, and potential for growth, productivity gains, efficient knowledge exchange, and resilience for member SMEs. The cost structure involves personnel costs, rent and utilities, office furnishings and equipment, travel costs, services procurement, and other miscellaneous expenses. The financing structure includes membership fees, fee-based services, sponsorship, and engagement in publicly funded projects.

The chapter concludes by presenting a list of dos and don'ts for business network initiation, emphasizing gradual progression, engagement of key participants, transparency, and avoiding reliance on policy alone or a single large company. Finally, the action plan for COMp-NET is anticipated to materialize after a workshop, outlining a roadmap for its progression and objectives.

## 7 Pilot Countries

The selection of the pilot countries is a critical step in laying the foundation for a well-organized SME network. Given the inherently challenging nature of this establishment process, it is imperative to carefully choose pilot countries that possess specific attributes: economic strength, a robust SME ecosystem, and a sound governance structure. These attributes will serve as the cornerstones for success. In this regard, ten criteria are selected to identify ten pilot countries as candidates for an SME business network among OIC countries.

### 7.1 Ranking criteria

The ten criteria for ranking OIC countries and their respective measurements are as follows:

#### **SME Ecosystem Indicators:**

- *SME Definition Existence:* This criterion assesses the presence of a clear and well-defined classification for SMEs within a country's regulatory framework. This indicator assigns a value of 1 to countries with a defined SME classification and 0 to those without one.
- *SME Agency Existence:* The presence of dedicated government agencies or institutions for SME support and development is a crucial factor in assessing the level of support for these businesses. This indicator assigns a value of 1 if the country has a dedicated institution, 0.5 if there is an institution with a related but not explicitly dedicated function, and 0 if no institution exists.
- *SME Exports Share:* This metric measures the proportion of SMEs that are actively engaged in international trade, reflecting the global competitiveness of the SME sector. This indicator is calculated using World Bank Enterprise Survey (WBES) data as the percentage of the firms exporting directly (at least 10percent of sales).

#### **Economic Indicators:**

- *Export Intensity:* Evaluating the degree to which a country relies on exports, this criterion sheds light on the international competitiveness of the country's economy. It is obtained from the World Bank Database and calculated as the ratio of exports to GDP.
- *Economic Growth (20 Years Average):* Long-term economic growth, is a key indicator of a country's overall economic performance and development trajectory. It is obtained from the World Bank Database and calculated by a 20-year average.
- *Development Level - GDP per Capita:* GDP per capita serves as a fundamental measure of a nation's wealth and development level, offering insights into living standards. It is obtained from the World Bank Database.
- *Logistic Index:* Efficient logistics and infrastructure are vital for trade and economic growth. A well-developed logistics sector can significantly impact a country's competitiveness. It is obtained from the World Bank Database.

**Governance Indicators:**

- *Government Effectiveness:* This criterion evaluates the effectiveness of government institutions in implementing policies and fostering a conducive business environment. It is obtained from the World Bank, Worldwide Governance Indicators.
- *Rule of Law - Regulation:* The presence of a robust legal and regulatory framework is essential for business certainty and decreasing informality.

**Size Indicator:**

- *Population:* Population is selected to represent the size of the country.

To ensure comparability across these diverse criteria, the indicators are normalized, considering their inherent diversity in values. For instance, while the SME definition indicator may assume binary values of 0 and 1, population, in contrast, spans across millions. Following a methodology akin to the Human Development Index (HDI), the indicators are normalized using the following formula:

$$[(\text{the value of indicator } x \text{ for country } c - \text{Min}(x)) / (\text{Max}(x) - \text{Min}(x))]$$

Once each criterion is normalized, the average score for each country across all ten criteria is calculated. This average score provides an overall assessment of a country's performance relative to its peers within the OIC. Then, using these scores, the countries are ranked. Table 7.1 presents the values of indicators, average score and the ranking of each OIC country.

In the process of selecting pilot countries, consideration is given not only to their rankings but also to the prioritization of those with the highest availability of data related to various criteria, particularly those associated with SMEs. Furthermore, the declaration of the intention to participate in the MSME Program is also considered. Finally, the goal of achieving representation from different regions is pursued. The list of pilot countries is as follows:

**South Asia:** Malaysia and Indonesia

**Central Asia:** Türkiye, Azerbaijan, Kazakhstan

**Middle East:** Saudi Arabia, Qatar, United Arab Emirates and Jordan

**North Africa:** Egypt and Morocco

**Africa:** Nigeria, Senegal, Cameroon and Uganda

**Table 7.1. Selection Indicators, Average Scores and Ranking of OIC Countries**

Country	SME Def	SME Agency	SME Export <sup>1</sup>	Exports of goods and services, percent of GDP <sup>2</sup>	Econ. Growth, % average <sup>3</sup>	GDP per capita, current \$ <sup>4</sup>	Population <sup>5</sup>	Gov. Effect <sup>6</sup>	Rule of Law <sup>7</sup>	Logistic Index <sup>8</sup>	Avg. Score	Rank
Afghanistan	1	0.5	4.0	no data	6.12	517	41,128,771	-1.63	-1.87	1.9	0.261	48
Albania	1	0.5	35.1	31.57	3.69	5343	2,775,634	0.00	-0.26	2.7	0.400	35
Algeria	1	1	no data	25.86	2.74	3354	44,903,225	-0.62	-0.82	2.5	0.462	25
Azerbaijan	1	1	18.5	54.09	7.48	4230	10,175,016	0.25	-0.58	no data	0.529	16
Bahrain	1	0.5	no data	79.25	4.02	23433	1,472,233	0.72	0.47	2.9	0.499	18
Bangladesh	1	1	5.2	12.67	6.24	2233	171,186,372	-0.63	-0.61	2.6	0.588	9
Benin	1	1	26.3	27.27	4.58	1238	13,352,864	-0.21	-0.59	2.7	0.473	22
Brunei D.	1	0.5	no data	51.93	0.39	27179	449,002	1.45	0.89	2.7	0.479	21
Burkina Faso	1	1	6.2	28.08	5.58	833	22,673,762	-0.73	-0.44	2.6	0.433	29
Cameroon	1	1	20.8	18.74	3.81	1539	27,914,536	-0.88	-1.10	2.6	0.426	30
Chad	0	1	12.2	36.19	5.09	644	17,723,315	-1.42	-1.33	2.4	0.285	47
Comoros	0	0.5	no data	12.91	2.63	1520	836,774	-1.79	-1.22	2.6	0.124	56
Côte d'Ivoire	1	1	9.8	22.69	4.32	2349	28,160,542	-0.50	-0.63	3.1	0.460	27
Djibouti	0	0.5	25.8	156.62	4.68	2918	1,120,849	-0.80	-1.01	2.6	0.314	43
Egypt	1	1	15.1	17.98	4.44	3572	110,990,103	-0.43	-0.24	2.8	0.566	10
Gabon	1	1	14.5	54.30	2.40	6680	2,388,992	-0.78	-0.70	2.2	0.402	34
Gambia	0	0.5	17.4	21.73	3.25	704	2,705,992	-0.64	-0.39	2.4	0.206	52
Guinea	1	1	10.9	40.21	4.59	1074	13,859,341	-0.92	-1.13	2.2	0.388	36
Guinea-Bissau	0	0.5	16.3	25.28	3.60	710	2,105,566	-1.42	-1.44	2.4	0.153	54
Guyana, CR	1	1	29.2	no data	9.03	6863	808,726	-0.24	-0.40	2.4	0.544	14
Indonesia	1	1	13.2	21.00	5.04	3896	275,501,339	0.38	-0.22	3.2	0.798	1
Iran	1	0.5	no data	30.22	2.73	2746	88,550,570	-0.86	-0.95	2.9	0.417	33
Iraq	1	0.5	2.4	40.80	10.85	4251	44,496,122	-1.29	-1.73	2.2	0.347	38
Jordan	1	0.5	47.9	35.13	3.90	3988	11,285,869	0.23	0.21	2.7	0.461	26
Kazakhstan	1	1	11.0	37.63	5.09	9122	19,621,972	0.06	-0.49	2.8	0.489	20
Kuwait	1	1	no data	57.50	3.19	24298	4,268,873	-0.04	0.26	2.9	0.560	11
Kyrgyz Republic	1	0.5	15.9	31.60	3.97	1183	6,803,300	-0.73	-1.07	2.5	0.302	45
Lebanon	1	0.5	42.5	20.75	1.45	5600	5,489,739	-1.29	-1.07	2.7	0.332	39
Libya	0	1	no data	39.61	2.39	7035	6,812,341	-1.72	-1.78	2.1	0.228	50
Malaysia	1	1	23.5	68.55	4.63	10161	33,938,221	0.99	0.56	3.2	0.608	6
Maldives	1	1	no data	70.11	6.97	7282	523,787	0.39	-0.17	2.7	0.552	13
Mali	0	1	17.4	24.52	4.23	823	22,593,590	-1.22	-0.90	2.6	0.316	41
Mauritania	0	0.5	34.4	36.59	4.29	1868	4,736,139	-0.73	-0.67	2.3	0.250	49
Morocco	1	1	35.9	33.83	3.61	3258	37,457,971	-0.07	-0.25	2.5	0.527	17
Mozambique	1	1	23.6	44.87	5.66	454	32,969,518	-0.77	-1.04	no data	0.490	19
Niger	1	1	11.9	11.84	5.31	565	26,207,977	-0.61	-0.40	2.1	0.417	31
Nigeria	1	1	30.1	15.50	4.99	2075	218,541,212	-1.00	-0.86	2.5	0.670	3
Oman	1	1	no data	50.62	3.13	16708	4,576,298	-0.12	0.41	3.2	0.557	12
Pakistan	1	1	16.2	8.58	4.45	1322	235,824,862	-0.40	-0.64	2.4	0.660	4
Qatar	1	0.5	no data	55.94	8.15	52316	2,695,122	1.11	0.93	3.5	0.644	5
Saudi Arabia	1	1	no data	37.20	4.04	20398	36,408,820	0.50	0.23	3	0.592	8
Senegal	1	1	15.8	22.95	4.33	1492	17,316,449	0.06	-0.36	2.3	0.446	28
Sierra Leone	1	1	6.2	17.47	4.84	493	8,605,718	-1.11	-0.82	2.1	0.367	37
Somalia	0	0.5	no data	19.11	2.89	416	17,597,511	-2.05	-2.27	2.2	0.084	57
Sudan	0	0.5	12.2	7.65	1.03	608	46,874,204	-1.64	-1.21	2.4	0.162	53
Suriname	1	0.5	20.6	no data	1.77	4797	618,04	-0.65	-0.10	no data	0.211	51
Syria	0	no data	no data	14.92	4.45	537	22,125,249	-1.74	-2.07	2.3	0.139	55
Tajikistan	1	0.5	6.2	14.38	7.32	852	9,952,787	-0.59	-1.19	2.3	0.291	46
Togo	1	1	42.4	24.64	4.09	875	71,697,030	-0.65	-0.56	2.4	0.542	15
Tunisia	1	0.5	38.6	45.49	2.57	3498	12,356,117	-0.17	0.10	2.6	0.417	32
Türkiye	1	1	21.6	31.15	5.50	8561	85,341,241	-0.09	-0.42	3.1	0.597	7
Turkmenistan	1	0.5	no data	29.90	6.71	7297	6,430,770	-0.93	-1.44	2.4	0.315	42
Uganda	1	1	9.4	15.09	6.03	847	47,249,585	-0.57	-0.35	2.6	0.471	23
UAE	1	1	no data	91.99	3.94	37629	9,441,129	1.40	0.83	4	0.751	2
Uzbekistan	1	1	10.5	26.84	6.66	1759	35,648,100	-0.20	-0.89	2.6	0.468	24
Palestine	1	no data	47.9	15.96	5.42	3234	5,043,612	-0.77	-0.50	no data	0.304	44
Yemen	1	1	12.6	6.06	-0.95	NA	33,696,614	-2.30	-1.80	2.3	0.319	40

<sup>1</sup>: World Bank Enterprise Surveys <sup>2</sup>: World Bank, 2018 <sup>3</sup>: World Bank, 2022. Average of growth between the years of 2003-2022. Exceptions: Afghanistan (2003-2020), Lebanon (2003-2020), Somalia (2012-2022), and Syria (2003-2010). <sup>4</sup>: World Bank, 2020 <sup>5</sup>: World Bank, 2022 <sup>6</sup>: World Bank Worldwide Governance Indicators, Governance Effectiveness, 2021 <sup>7</sup>: World Bank Worldwide Governance Indicators, Rule of Law, 2021 <sup>8</sup>: World Bank, 2018



## **7.2 Workshop**

Embarking on the organizational endeavor of a workshop fueled by the insights assembled from the feasibility study marked a focal phase in the initiative to establish an SME network for OIC countries.

The selected pilot countries, converging in this collaborative forum, are tasked with deliberating upon and deciding the strategic contours of COMp-NET. As discussions unfold, decisions were poised to shape the future structure of SME cooperation complete with the antecedents of an action plan within the OIC member states.

The workshop, anticipated as a vessel for generating ideas and consensus, was not merely an event but a dynamic platform set to generate crucial meeting minutes and summary documents. These thoroughly compiled records are not destined for archival obscurity; instead, they emerge as dynamic components that will serve as the guiding compass for the COMp-NET's next steps. The synthesis of the feasibility study and workshop outcomes will fortify the COMp-NET's foundation, laying the groundwork for a robust and informed journey ahead.

## **7.3 The Snapshot of the Terms of Reference**

### **7.3.1 Context**

SMEs are particularly major contributors to job creation and economic growth across the world. Accordingly, the design and implementation of SME support programs is a top priority area for governments, and various SME support programs are widely used policy instruments in countries. The situation is the same in Türkiye. KOSGEB designs and implements policies for 3.5 million SMEs. Those SMEs play important roles in economic and social life of Türkiye.

Türkiye, an important and active actor in terms of its trade and economic relations with the rest of the world, has gained substantial experience in SME development regarding multinational specific economic initiatives such as EU Framework Programs on Research and Development. The country has been a participant of Multi Annual Program, Competitiveness & Innovation Program, and lastly, COSME and Single Market-SME Strand Program, which covers practical interventions to improve the capacity of small businesses and entrepreneurship in Europe. KOSGEB, by ensuring national coordination, has acted as a significant member of these EU Programs on behalf of Türkiye. KOSGEB has had a very efficient participation in COSME, ranking 5th in terms of number of projects funded; and 8th in terms of money allocated among 36 COSME countries. Additionally, the Organization has been managing Turkish part of a huge network serving to SMEs since 1999, which is currently shaped as the EEN. While reaching the high ranks, its success in coordinating the Turkish network of EEN has played an important role.

In view of the above, KOSGEB offered to share its accumulated knowledge coming from its experiences through multinational programs in order to establish an SME Cooperation Network, namely "BUSINESS SUPPORT NETWORK FOR IMPROVING COMPETITIVENESS OF SMEs IN COMCEC COUNTRIES, "COMp-NET". The project has been designed as an entry point to take

concrete steps in bringing IsDB/COMCEC MCs together to study the feasibility of establishing a new SME network working on clusters, networking, and entrepreneurship and intending to set a solid ground that enables to cooperate and generate added value to each other's SME ecosystems.

The three project partners and the COMCEC Secretariat have also been in close contact concerning SMEs issues. Each side has agreed in principle to mutually progress on promoting an SME forum by which a business support network, targeting SMEs of COMCEC countries, can be established. Additionally, the eagerness of the Turkish Government for ensuring necessary coordination among COMCEC countries is considered as a powerful motivation to design and implement the project.

### **7.3.2 Objectives**

The ultimate objective of this project is to increase the competitiveness of SMEs in COMCEC countries, help them develop a business network environment that is responsive to the needs of SMEs in line with the global and local priorities and to increase the level of cooperation among SME support organizations at institutional level. To do so, the project starts with a first phase (a consultancy assignment) to understand to how an SME network can be operationalized among COMCEC countries.

Results to be achieved by the consultant in the consultancy assignment include:

- To conduct a feasibility study to analyze necessary pillars of an SME network, and propose a business model to operationalize the network,
- To identify a list of pilot countries (with justifications) to discuss the way forward for establishing the network,
- To contribute to the organization of an international workshop and an SME forum to discuss the necessity and possibility of establishing such a network and share relevant experience among the pilot (participant) countries.

### **7.3.3 Expected Results**

To achieve these objectives, a team of consultants were hired to conduct the feasibility study on the proposed SME network among COMCEC countries. The feasibility study was expected to contain a detailed analysis of what is needed to move ahead in terms of concrete steps. The report must include an analysis of capacity gaps, governance model as well as the sources of financing and capital. The assignment will be completed with a workshop, and SME forum which will lay the basis for the formulation of the second phase of the project.

Upon receiving final comments from the project partners and participating countries during the workshop, the consultant shall finalize the feasibility report.

## 8 Conclusion

SMEs are the backbone of inclusive growth and development within economies, and the global economic landscape demands their active participation in international competition. In exploring the challenges and opportunities faced by SMEs within the OIC countries, this report underscores the need for collaboration through the envisioned COMp-NET business network.

In the realm of SMEs, collaboration is key to success. SMEs thrive when they are part of a dynamic business community, both locally and globally. The exchange of resources, including information, finances, skills, and technology, is crucial for SMEs to identify their competitive niches and prosper. This collaborative environment can be facilitated through platforms like business networks, which aim to foster innovation, internationalization, and foreign relationships.

The establishment of the COMp-NET business network under the auspices of OIC presents a transformative opportunity for member countries. As highlighted, the OIC brings a rich tapestry of strengths, including diversity of resources, a large consumer base, Islamic finance expertise, strategic geographical location, cultural connectivity, infrastructure development, a young and growing population, innovation potential, trade agreements, and a political will for economic cooperation. Leveraging these strengths collectively can position the OIC as a powerhouse in establishing a robust business network that promotes economic growth and collaboration among member countries.

However, with strengths come needs and challenges. The success of COMp-NET hinges on establishing trust among all participating entities, preserving their independence, fostering dynamic collaboration, avoiding cartel-like behavior, and ensuring that each entity gains distinct advantages. Prerequisites for effective business networks in OIC countries include a focus on enhancing regional strengths, establishing specialized agencies for SMEs, organizing capacity-building programs, and active involvement of initiators, anchor companies, and policymakers.

The current landscape reveals the absence of an international platform exclusively dedicated to enhancing the competitive edge of SMEs within OIC countries. COMp-NET fills this void by providing a dedicated SME business network tailored to the unique strengths, challenges, and opportunities inherent to OIC member states. It not only caters to local priorities but also aligns with the global aspirations of SMEs, fostering collaboration beyond OIC borders.

The phased implementation plan outlined for COMp-NET emphasizes cross-sector collaboration, access to finance, market access, regulatory guidance, digital transformation support, capacity building, government and industry advocacy, SME support services, innovation and research collaboration, sustainable business practices, and access to international programs. These key functions, actors, prerequisites, and actions create a comprehensive framework for the network's success.

A critical consideration is the time span of implementation, with steps unfolding over several years. The first step focuses on cross-sector collaboration, access to finance, and market access,

while subsequent steps involve regulatory guidance, digital transformation, capacity building, advocacy, support services, innovation, and internationalization. This dynamic framework ensures a systematic and thorough establishment of COMp-NET.

The value propositions for exporting SMEs, non-exporting SMEs, and member SMEs underscore the potential for growth, productivity gains, knowledge exchange, skills upgrading, revenue diversification, and resilience. The benefits extend to access to finance, regulatory guidance, digital transformation support, government and industry advocacy, and international program access. For exporting SMEs, the allure lies in new markets, products, higher export value, and quality, while non-exporting SMEs are offered the opportunity to initiate exports.

As the COMp-NET initiative unfolds, it is essential to maintain a continuous focus on the unique needs and challenges of SMEs in OIC countries. The success of this venture depends on the active engagement, commitment, and collaboration of all network entities. By doing so, COMp-NET has the potential to become a beacon of economic growth, innovation, and collaboration, not only within the OIC but on a global scale. The establishment of this specialized SME business network represents a pivotal step towards realizing the economic potential of OIC member states in the ever-evolving landscape of global business.

In essence, this report meticulously navigates the intricate landscape of SMEs within the Organization of Islamic Cooperation countries. It openly acknowledges the challenges faced by these enterprises and, in response, proposes an innovative solution encapsulated in the form of the COMp-NET business network. This proposed initiative is not merely a pragmatic response; it symbolizes a forward-thinking approach that envisions a future where SMEs not only survive but thrive, becoming catalysts for economic growth, innovation, and sustainability on both local and global fronts.

The way forward involves the successive second phase project to operationalize the business network, COMp-NET, that links each countries' business organizations caring of SMEs. The outcome of this consultancy assignment will guide the formulation of the second phase of the project.

As the OIC nations embark on the collaborative journey suggested by the report, there is a sense of optimism for the transformative power of meaningful collaboration. The envisioned future sees SMEs within the OIC countries overcoming obstacles and seizing newfound opportunities.

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## APPENDIX 1

**Table A1.1. Data Sources for Economic Indicators of OIC Countries**

GDP Contribution Table	
Country	References
Afghanistan	<a href="https://www.oecd.org/eurasia/competitiveness-program/central-asia/Boosting-Private-Sector-Development-and-Entrepreneurship-Afghanistan-2019-EN.pdf">https://www.oecd.org/eurasia/competitiveness-program/central-asia/Boosting-Private-Sector-Development-and-Entrepreneurship-Afghanistan-2019-EN.pdf</a>
Albania	<a href="https://www.instat.gov.al/media/11356/results-on-sme-2021.pdf">https://www.instat.gov.al/media/11356/results-on-sme-2021.pdf</a>
Azerbaijan	<a href="https://www.stat.gov.az/source/entrepreneurship/?lang=en">https://www.stat.gov.az/source/entrepreneurship/?lang=en</a>
Bahrain	<a href="https://www.undp.org/sites/g/files/zskgke326/files/migration/bh/Bahrain_HDR_2018.pdf">https://www.undp.org/sites/g/files/zskgke326/files/migration/bh/Bahrain_HDR_2018.pdf</a>
Bangladesh	<a href="https://www.bb.org.bd/pub/research/sp_research_work/srws2022-02.pdf">https://www.bb.org.bd/pub/research/sp_research_work/srws2022-02.pdf</a>
Benin	<a href="https://intracen.org/file/beninsmeenwebv13pdf">https://intracen.org/file/beninsmeenwebv13pdf</a>
Brunei	<a href="https://data.adb.org/media/10441/download">https://data.adb.org/media/10441/download</a>
Darussalam	
Burkina Faso	<a href="https://lefaso.net/spip.php?article122520">https://lefaso.net/spip.php?article122520</a>
Cameroon	<a href="https://nkafu.org/state-of-small-businesses-in-cameroon-report-2019/">https://nkafu.org/state-of-small-businesses-in-cameroon-report-2019/</a>
Côte d'Ivoire	<a href="https://www.gouv.ci/actualite-article.php?recordID=13778&amp;d=1">https://www.gouv.ci/actualite-article.php?recordID=13778&amp;d=1</a>
Egypt	<a href="https://www.eeas.europa.eu/node/43122_en">https://www.eeas.europa.eu/node/43122_en</a>
Gambia, The	<a href="https://unctad.org/system/files/official-document/diae2017d1_en.pdf">https://unctad.org/system/files/official-document/diae2017d1_en.pdf</a>
Indonesia	<a href="https://data.adb.org/dataset/2022-adb-asia-small-and-medium-sized-enterprise-monitor-volume-1-country-and-regional">https://data.adb.org/dataset/2022-adb-asia-small-and-medium-sized-enterprise-monitor-volume-1-country-and-regional</a>
Iran	<a href="https://www.fh-mittelstand.de/fileadmin/Forschung/Iran/Dr. Abolfazl_Kiani.pdf">https://www.fh-mittelstand.de/fileadmin/Forschung/Iran/Dr. Abolfazl_Kiani.pdf</a>
Iraq	<a href="https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=16612">https://pressroom.ifc.org/all/pages/PressDetail.aspx?ID=16612</a>
Jordan	<a href="https://meii.org/programs/countries/jordan/">https://meii.org/programs/countries/jordan/</a>
Kazakhstan	<a href="https://www.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_e9073a0f-en">https://www.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_e9073a0f-en</a>
Kuwait	<a href="https://www.worldbank.org/en/news/feature/2016/03/01/building-kuwait-future-one-small-enterprise-at-a-time">https://www.worldbank.org/en/news/feature/2016/03/01/building-kuwait-future-one-small-enterprise-at-a-time</a>
Kyrgyz Republic	<a href="https://data.adb.org/dataset/2022-adb-asia-small-and-medium-sized-enterprise-monitor-volume-1-country-and-regional">https://data.adb.org/dataset/2022-adb-asia-small-and-medium-sized-enterprise-monitor-volume-1-country-and-regional</a>
Libya	<a href="https://www.oecd-ilibrary.org/development/smes-in-libya-s-reconstruction/libya-s-private-sector-and-sme-landscape_9789264264205-5-en#page3">https://www.oecd-ilibrary.org/development/smes-in-libya-s-reconstruction/libya-s-private-sector-and-sme-landscape_9789264264205-5-en#page3</a>
Malaysia	<a href="https://www.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_e9073a0f-en">https://www.oecd-ilibrary.org/industry-and-services/financing-smes-and-entrepreneurs-2022_e9073a0f-en</a>
Maldives	<a href="https://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2021/08/HIES2019-SmallBusiness.pdf">https://statisticsmaldives.gov.mv/nbs/wp-content/uploads/2021/08/HIES2019-SmallBusiness.pdf</a>
Mali	<a href="https://www.ebcam.eu/images/mali - le secteur prive face a la crise sanitaire impacts de la covid-19 sur les pme au mali - rapport final.pdf">https://www.ebcam.eu/images/mali - le secteur prive face a la crise sanitaire impacts de la covid-19 sur les pme au mali - rapport final.pdf</a>
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## APPENDIX 2

**Table A2.1. The Population Shares of the Countries in the OIC, 2022**

Country	Share	Country	Share
Indonesia	14.42	Tunisia	0.64
Pakistan	11.91	Jordan	0.54
Nigeria	11.37	Azerbaijan	0.54
Bangladesh	8.84	United Arab Emirates	0.52
Egypt	5.46	Tajikistan	0.52
Islamic R. of Iran	4.50	Togo	0.47
Türkiye	4.47	Sierra Leone	0.44
Sudan	2.45	Lebanon	0.36
Algeria	2.38	Kyrgyz Republic	0.36
Uganda	2.29	Libya	0.36
Iraq	2.22	Turkmenistan	0.33
Morocco	1.92	Palestine	0.28
Uzbekistan	1.85	Kuwait	0.25
Saudi Arabia	1.83	Oman	0.24
Yemen	1.75	Mauritania	0.23
Malaysia	1.73	Albania	0.15
Mozambique	1.73	Qatar	0.14
Côte d'Ivoire	1.49	The Gambia	0.13
Cameroon	1.46	Gabon	0.11
Niger	1.37	Guinea-Bissau	0.10
Burkina Faso	1.19	Bahrain	0.08
Mali	1.19	Djibouti	0.05
Kazakhstan	1.04	Comoros	0.05
Senegal	0.93	Guyana	0.04
Chad	0.91	Suriname	0.03
Somalia	0.82	Brunei Darussalam	0.02
Guinea	0.77	Maldives	0.02
Benin	0.70		

*Note:* Authors' elaboration.

*Data Source:* IMF, World Economic Outlook April 2023.

**Table A2.2. The GDP Share of the Economies in the OIC, 2022**

Country	Share	Country	Share
Indonesia	16.54	Bahrain	0.37
Türkiye	13.73	Senegal	0.30
Saudi Arabia	8.81	Yemen	0.28
Egypt	6.86	Burkina Faso	0.24
Islamic Republic of Iran	6.54	Mali	0.23
Pakistan	6.22	Benin	0.22
Bangladesh	5.49	Albania	0.21
Nigeria	5.25	Tajikistan	0.20
Malaysia	4.65	Mozambique	0.20
United Arab Emirates	3.39	Guinea	0.18
Kazakhstan	2.47	Kyrgyz Republic	0.17
Algeria	2.39	Niger	0.16
Iraq	2.13	Gabon	0.16
Morocco	1.48	Palestine	0.14
Uzbekistan	1.39	Guyana	0.14
Qatar	1.26	Brunei Darussalam	0.13
Kuwait	1.02	Mauritania	0.12
Sudan	0.84	Chad	0.12
Oman	0.78	Togo	0.09
Côte d'Ivoire	0.76	Somalia	0.08
Azerbaijan	0.74	Sierra Leone	0.07
Tunisia	0.63	Maldives	0.05
Libya	0.57	Suriname	0.04
Uganda	0.54	The Gambia	0.03
Jordan	0.51	Djibouti	0.03
Cameroon	0.50	Guinea-Bissau	0.02
Turkmenistan	0.49	Comoros	0.01

*Note: Authors' elaboration.*

*Data Source: IMF, World Economic Outlook April 2023.*

**Table A2.3. OIC Countries by GDP per Capita, PPP International Dollars, 2022**

Country	GDP per capita	Country	GDP per capita
Qatar	115,034	Bangladesh	7,951
United Arab Emirates	83,730	Mauritania	7,013
Brunei Darussalam	70,457	Pakistan	6,685
Saudi Arabia	61,808	Côte d'Ivoire	6,524
Bahrain	58,085	Djibouti	6,470
Kuwait	51,472	Palestine	6,368
Guyana	42,681	Kyrgyz Republic	5,930
Oman	41,249	Nigeria	5,909
Türkiye	39,301	Tajikistan	4,943
Malaysia	34,391	Cameroon	4,414
Maldives	33,192	Sudan	4,366
Kazakhstan	30,544	Senegal	4,126
Libya	20,359	Benin	4,024
Turkmenistan	19,060	Comoros	3,359
Iran	18,635	Uganda	3,027
Gabon	18,173	Guinea	3,010
Albania	17,878	Guinea-Bissau	2,892
Azerbaijan	17,667	The Gambia	2,633
Suriname	17,553	Togo	2,577
Egypt	16,080	Burkina Faso	2,574
Indonesia	14,687	Mali	2,514
Algeria	12,867	Yemen	2,021
Tunisia	12,724	Sierra Leone	1,986
Iraq	12,322	Chad	1,711
Jordan	12,106	Niger	1,507
Morocco	9,878	Mozambique	1,468
Uzbekistan	9,634	Somalia	1,323

*Note: Authors' elaboration.*

*Data Source: IMF, World Economic Outlook April 2023*

**Table A2.4. GDP Growth Rates in the OIC, 2022**

Country	Growth	Country	Growth
Guyana	62.29	Bahrain	4.19
Maldives	12.33	Mozambique	4.15
Niger	11.11	Palestine	4.00
Saudi Arabia	8.74	Albania	3.74
Malaysia	8.69	Mali	3.70
Kuwait	8.18	Guinea-Bissau	3.50
Iraq	8.14	Cameroon	3.38
Tajikistan	8.00	Nigeria	3.25
United Arab Emirates	7.41	Kazakhstan	3.21
Bangladesh	7.10	Algeria	2.93
Kyrgyz Republic	7.00	Gabon	2.85
Côte d'Ivoire	6.70	Sierra Leone	2.77
Egypt	6.61	Jordan	2.71
Benin	6.02	Tunisia	2.52
Pakistan	5.97	Islamic Republic of Iran	2.51
Uzbekistan	5.67	Djibouti	2.50
Türkiye	5.57	Chad	2.49
Togo	5.40	Burkina Faso	2.47
Indonesia	5.31	Comoros	2.43
Mauritania	4.96	Turkmenistan	1.79
Uganda	4.93	Somalia	1.70
Senegal	4.71	Yemen	1.50
Azerbaijan	4.65	Suriname	1.33
The Gambia	4.44	Morocco	1.14
Oman	4.31	Brunei Darussalam	-1.51
Guinea	4.29	Sudan	-2.50
Qatar	4.24	Libya	-12.81

*Data Source: SESRIC Database*

**Table A2.5. Shares of Agriculture, Manufacturing and Services in the OIC, 2022**

	Agriculture		Manufacturing		Services
Somalia	60.18	Turkmenistan	35.01	Lebanon	87.98
Sierra Leone	60.03	Türkiye	24.84	Djibouti	86.79
Chad	46.49	Malaysia	23.75	Maldives	83.54
Comoros	38.73	Suriname	23.15	Palestine	70.43
Niger	38.66	Bangladesh	22.06	Jordan	67.51
Mali	38.24	Uzbekistan	20.88	Tunisia	64.4
Afghanistan	35.03	Indonesia	20.06	Yemen	59.65
Guinea-Bissau	32.43	Jordan	19.03	Türkiye	59
Benin	31.39	Brunei	18.23	Sudan	57.99
Mozambique	30.73	Bahrain	18.2	Morocco	57.49
Guinea	28.13	Uganda	17.96	Gambia	57.47
Tajikistan	26.77	Iran	17.77	Bahrain	57
Uzbekistan	26.11	Mali	17.11	Kazakhstan	56.93
Uganda	25.23	Morocco	17.11	Togo	56.42
Pakistan	24.23	Senegal	16.48	Kyrgyz Republic	56.06
Gambia	24.14	Egypt	16.28	Pakistan	55.69
Nigeria	23.70	Tunisia	15.44	Cote d'Ivoire	55.59
Cote d'Ivoire	21.86	Nigeria	14.83	Cameroon	55.4
Togo	21.12	Kazakhstan	14.76	Senegal	55.36
Syria	20.60	Kyrgyz Republic	14.4	Egypt	55.18
Albania	20.28	Cameroon	14.39	Albania	54.7
Mauritania	20.22	Togo	13.92	Guinea-Bissau	53.71
Sudan	19.73	Saudi Arabia	13.81	Bangladesh	53.3
Yemen	19.50	Palestine	13.12	Suriname	52.98
Burkina Faso	19.07	Pakistan	12.73	Comoros	52.53
Cameroon	18.63	Cote d'Ivoire	12.51	United Arab Emirates	52.51
Senegal	17.10	Guinea-Bissau	10.81	Malaysia	52.13
Kyrgyz Republic	15.34	Benin	10.43	Libya	52.02
Guyana	14.25	Burkina Faso	10.4	Kuwait	51.51
Indonesia	13.84	Guinea	10.34	Iran	50.81
Morocco	13.42	Yemen	10.26	Benin	50.49
Iran	13.00	Tajikistan	10.22	Saudi Arabia	49.4
Algeria	12.65	United Arab Emirates	10.14	Syria	49.27
Bangladesh	12.09	Afghanistan	9.48	Oman	48.93
Egypt	12.03	Sudan	9.35	Afghanistan	48.65
Turkmenistan	11.13	Oman	8.83	Algeria	46.33
Tunisia	10.86	Mozambique	8.72	Burkina Faso	45.97
Malaysia	9.72	Qatar	8.35	Uganda	45.34
Suriname	9.41	Niger	8.1	Mozambique	44.79
Palestine	8.34	Gabon	7.97	Indonesia	44.62
Gabon	6.47	Azerbaijan	7.45	Nigeria	44.43
Azerbaijan	6.42	Albania	7.14	Turkmenistan	44.25
Türkiye	6.20	Chad	7.01	Tajikistan	44.13
Maldives	6.10	Comoros	6.68	Iraq	43.97
Jordan	5.78	Kuwait	6.22	Mauritania	43.97
Kazakhstan	5.43	Lebanon	5.97	Gabon	43.75
Lebanon	4.09	Mauritania	5.75	Qatar	42.56
Iraq	4.03	Syria	4.68	Guinea	40.85
Libya	3.59	Algeria	4.47	Azerbaijan	40.69
Saudi Arabia	2.45	Guyana	3.31	Uzbekistan	40.39
Oman	2.05	Djibouti	2.98	Niger	39.26
Djibouti	1.37	Libya	2.64	Mali	39.02
Brunei	1.24	Somalia	2.48	Brunei	37.04
United Arab Emirates	0.88	Maldives	2.24	Sierra Leone	33.78
Kuwait	0.38	Gambia	2.01	Guyana	32.56
Bahrain	0.30	Iraq	1.97	Somalia	32.47
Qatar	0.28	Sierra Leone	1.96	Chad	30.62

*Data Source: SESRIC Database*

**Table A2.6. Inflation in the OIC Countries, 2022**

Country	Inflation	Country	Inflation
Sudan	138.81	Uganda	6.78
Türkiye	72.31	Albania	6.73
Suriname	52.45	Morocco	6.65
Islamic Republic of Iran	48.96	Tajikistan	6.64
Yemen	29.07	Guyana	6.47
Sierra Leone	27.21	Bangladesh	6.15
Nigeria	18.85	Djibouti	5.47
Kazakhstan	14.96	Cameroon	5.30
Burkina Faso	14.07	Chad	5.29
Kyrgyz Republic	13.91	Côte d'Ivoire	5.21
Azerbaijan	13.80	Iraq	5.00
Pakistan	12.15	Qatar	4.96
Comoros	12.00	United Arab Emirates	4.83
The Gambia	11.51	Libya	4.51
Turkmenistan	11.48	Gabon	4.25
Uzbekistan	11.45	Niger	4.23
Guinea	10.49	Jordan	4.22
Mali	10.08	Indonesia	4.21
Mozambique	9.77	Kuwait	3.92
Senegal	9.69	Palestine	3.72
Mauritania	9.55	Brunei Darussalam	3.68
Algeria	9.27	Bahrain	3.64
Egypt	8.50	Malaysia	3.38
Tunisia	8.31	Oman	2.81
Guinea-Bissau	7.92	Maldives	2.60
Togo	7.62	Saudi Arabia	2.47
Somalia	6.80	Benin	1.50

*Note:* Authors' elaboration.

*Data Source:* IMF, World Economic Outlook April 2023.



**Table A2.7. Unemployment in the OIC countries, 2022**

Country	Unemployment	Country	Unemployment
Djibouti	27.93	Saudi Arabia	5.64
Palestine	25.72	Azerbaijan	5.46
Gabon	21.47	Burkina Faso	5.18
Libya	20.68	Turkmenistan	5.02
Somalia	20.05	Kazakhstan	5.01
Sudan	18.73	Maldives	4.88
Jordan	17.87	Gambia	4.78
Tunisia	16.12	Bangladesh	4.70
Iraq	15.55	Kyrgyz Republic	4.57
Yemen	13.59	Uganda	4.28
Lebanon	12.64	Togo	4.07
Guyana	12.36	Cameroon	4.00
Albania	11.81	Mozambique	3.91
Algeria	11.55	Malaysia	3.73
Mauritania	11.11	Sierra Leone	3.64
Iran	10.96	Guinea-Bissau	3.58
Morocco	10.49	Indonesia	3.55
Türkiye	10.03	Senegal	3.43
Syria	9.61	Qatar	0.10
Comoros	8.81	Niger	0.53
Suriname	8.64	Bahrain	1.40
Tajikistan	7.83	Chad	1.41
Brunei	7.20	Benin	1.65
Egypt	6.96	Oman	2.33
Pakistan	6.42	Kuwait	2.48
Uzbekistan	6.01	Cote d'Ivoire	2.64
Nigeria	5.76	United Arab Emirates	2.75
Guinea	5.75	Mali	2.76

*Data Source: SESRIC Database*

**Table A2.8. Goods Exports in the OIC, Billion USD, 2021**

Countries with highest exports		Countries with lowest exports	
Saudi Arabia	276.20	Cameroon	6.01
Malaysia	235.73	Burkina Faso	5.68
Indonesia	232.84	Mozambique	5.58
Türkiye	224.69	Sudan	5.03
Qatar	87.20	Mali	4.86
Iraq	73.08	Uganda	4.49
Kuwait	68.42	Guyana	4.36
Kazakhstan	65.79	Lebanon	4.30
Nigeria	46.86	Djibouti	4.15
Oman	44.59	Benin	3.64
Bangladesh	41.82	Mauritania	2.91
Algeria	38.63	Kyrgyz Republic	2.77
Egypt, Arab Rep.	36.44	Palestine	2.29
Morocco	31.67	Suriname	2.20
Pakistan	29.07	Tajikistan	2.01
Azerbaijan	21.69	Albania	1.49
Tunisia	16.81	Niger	1.21
Cote d'Ivoire	15.32	Sierra Leone	1.05
Uzbekistan	14.14	Guinea-Bissau	0.30
Brunei Darussalam	11.00	Maldives	0.29
Guinea	10.24	Comoros	0.04
Jordan	9.36	Gambia, The	0.03

**Data Source:** The World Bank, World Development Indicators Database.

**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

**Table A2.9. Services Exports in the OIC, Billion USD, 2021**

Countries with highest exports		Countries with lowest exports	
Türkiye	61.41	Uganda	1.68
Egypt, Arab Rep.	21.90	Sudan	1.64
Malaysia	20.93	Cameroon	1.44
Qatar	18.35	Djibouti	1.01
Morocco	15.42	Cote d'Ivoire	0.91
Indonesia	13.95	Palestine	0.85
Saudi Arabia	10.30	Mozambique	0.82
Kuwait	8.71	Burkina Faso	0.56
Bangladesh	7.47	Mali	0.52
Pakistan	6.54	Kyrgyz Republic	0.52
Kazakhstan	5.89	Benin	0.51
Lebanon	5.85	Guyana	0.28
Iraq	5.18	Niger	0.28
Jordan	4.51	Mauritania	0.27
Albania	4.12	Brunei Darussalam	0.20
Nigeria	4.00	Tajikistan	0.15
Azerbaijan	3.80	Comoros	0.10
Maldives	3.70	Gambia, The	0.10
Algeria	3.22	Suriname	0.10
Tunisia	2.93	Sierra Leone	0.07
Uzbekistan	2.30	Guinea-Bissau	0.04
Oman	1.73	Guinea	0.03

**Data Source:** The World Bank, World Development Indicators Database.

**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

**Table A2.10. Goods Imports in the OIC, Billion USD, 2021**

Countries with highest exports		Countries with lowest exports	
Türkiye	254.00	Niger	8.32
Malaysia	194.60	Nigeria	8.31
Indonesia	189.03	Oman	7.83
Saudi Arabia	139.73	Pakistan	7.54
Bangladesh	74.43	Qatar	6.53
Egypt	70.91	Saudi Arabia	6.01
Pakistan	65.93	Senegal	5.19
Morocco	51.64	Sierra Leone	5.16
Nigeria	51.42	Somalia	4.87
Kazakhstan	41.56	Sudan	4.42
Jordan	37.40	Suriname	4.19
Kazakhstan	34.72	Syrian Arab Republic	3.99
Kuwait	28.05	Tajikistan	3.73
Kyrgyz Republic	27.87	Guyana	3.70
Lebanon	26.86	Mauritania	3.52
Libya	22.91	Niger	2.82
Malaysia	21.48	Maldives	2.39
Maldives	19.23	Sierra Leone	1.63
Mali	12.64	Suriname	1.34
Mauritania	12.27	Gambia	0.61
Morocco	10.42	Guinea-Bissau	0.35
Mozambique	8.90	Comoros	0.26

**Data Source:** The World Bank, World Development Indicators Database.

**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

**Table A2.11. Services Imports in the OIC, Billion USD, 2021**

Countries with highest exports		Countries with lowest exports	
Saudi Arabia	73.28	Tunisia	2.79
Malaysia	35.59	Mozambique	2.56
Qatar	34.34	Cameroon	2.50
Türkiye	29.60	Mali	2.43
Indonesia	28.55	Albania	2.00
Egypt, Arab Rep.	23.13	Palestine	1.78
Kuwait	21.09	Burkina Faso	1.42
Nigeria	16.06	Sudan	1.37
Iraq	15.99	Niger	1.21
Bangladesh	10.87	Guinea	1.17
Pakistan	10.59	Maldives	1.09
Morocco	8.57	Benin	0.93
Oman	8.45	Brunei Darussalam	0.90
Kazakhstan	7.91	Mauritania	0.79
Algeria	6.94	Kyrgyz Republic	0.74
Azerbaijan	5.92	Djibouti	0.61
Uzbekistan	5.03	Suriname	0.54
Lebanon	4.74	Tajikistan	0.53
Jordan	4.16	Sierra Leone	0.24
Cote d'Ivoire	3.92	Guinea-Bissau	0.17
Uganda	3.16	Comoros	0.15
Guyana	2.91	Gambia, The	0.12

**Data Source:** The World Bank, World Development Indicators Database.

**Note:** Authors' elaboration. The following countries are excluded due to lack of data: Afghanistan, Bahrain, Chad, Gabon, Iran, Libya, Senegal, Somalia, Syria, Togo, Turkmenistan, United Arab Emirates and Yemen.

## **APPENDIX 3**

### **OIC ORGANS**

#### **SUBSIDIARY**

The following organs are established within the framework of the Organization of Islamic Cooperation (OIC) based on decisions made by the Islamic Summit or the Council of Foreign Ministers. Member States are automatically granted membership in these organs, and their budgets are subject to approval by the Council of Foreign Ministers.

1. Statistical, Economic, Social Research and Training Center for Islamic Countries (SESRIC)
2. Research Center for Islamic History, Art and Culture (IRCICA)
3. Islamic University of Technology (IUT)
4. Islamic Center for the Development of Trade (ICDT)
5. International Islamic Fiqh Academy (IIFA)
6. Islamic Solidarity Fund and its Waqf (ISF)

#### **1. Statistical, Economic, Social Research and Training Center for Islamic Countries (SESRIC)**

##### **Establishment**

The establishment of the Center was endorsed through Resolution No. 2/8-EC, ratified during the Eighth Islamic Conference of Foreign Ministers convened in Tripoli in 1399H (1977). Functioning as a subsidiary organ of the OIC, it operates in accordance with this mandate.

##### **Objectives**

The primary aim of the Center is to foster socio-economic cooperation and development among the Member States of the OIC. This is achieved through the implementation of activities encompassing statistics, research, training, and technical cooperation.

The Center's specific objectives include:

- Efficiently gather, organize, and distribute socio-economic statistics and information tailored for the benefit and utilization of the Member States;
- Engage in economic and social research concerning issues of development within the Member States, with the purpose of formulating proposals that initiate and strengthen cooperation among them;
- Coordinate and facilitate training programs in targeted fields tailored to the specific needs of the Member States. This includes providing support for the training of administrative and technical personnel in relevant subjects, aligning with both the expressed needs of the Member States and the overarching objectives of the OIC.

- The Center serves as the central hub within the OIC for facilitating and coordinating technical cooperation initiatives.

## **2. Research Center for Islamic History, Art and Culture (IRCICA)**

### **Establishment**

IRCICA commenced its operations in 1980 as the inaugural subsidiary organ within the OIC dedicated to cultural affairs. The idea for its establishment was put forth by the Republic of Turkey during the Seventh Islamic Conference of Foreign Ministers in Istanbul in 1976 and subsequently ratified through Resolution no. 3/7-ECS.

The Establishment Statute of the Center was officially endorsed during the Ninth Islamic Conference of Foreign Ministers in Dakar, Senegal, in 1978, through Resolution no. 1/9-C. This Statute underwent later amendments and was reaffirmed during the Twelfth Islamic Conference of Foreign Ministers in Baghdad, Iraq, in 1981. Ultimately, the Framework Statute of the Subsidiary Organs of the OIC was adopted by the Sixth Islamic Summit Conference in Dakar in 1991, through Resolution no. 1/6-Org (IS).

### **Objectives**

- Serve as a central hub and collaborative platform for scholars, researchers, artists, institutions, organizations, and stakeholders both within and beyond the Member States who are engaged in studies and research pertaining to various facets of Islamic civilization.
- Foster an environment conducive to global cooperation among relevant stakeholders, working towards the eradication of biases against Islam and its civilization. This involves projecting an accurate image, informing global opinion about their role and significance in world civilization, and advancing a nuanced understanding and dialogue between Muslims and other communities worldwide.
- Conduct research and produce a variety of publications, including books, bibliographies, catalogues, albums, and other reference materials focused on the history of Muslim nations, the arts and sciences in Islam, cultural heritage, and all facets of Islamic culture and civilization. This initiative aims to enhance global awareness and understanding of these subjects among the world public.
- Conduct conferences, symposia, exhibitions, and various cultural events on its premises, within the Member States, and at other venues. The goal is to disseminate the outcomes of its activities, promote scholarly studies, and catalyze international cooperation in the realms of Islamic culture and civilization.
- Devote special attention to the cultural circumstances and needs of Muslim nations and communities residing in non-Member States. Facilitate efforts to fortify cultural solidarity between the Member States and these Muslim nations and communities.
- Systematically assess, document, and analyze the sources and outcomes of cultural, scientific, intellectual, and artistic endeavors across the entire history of Islam. This

objective is designed to promote scholarly research and cultivate public awareness regarding the rich achievements of Islamic civilization.

- Conduct comprehensive studies encompassing all facets of the Islamic civilization's heritage. The primary goal is to fortify the concept of Islamic cultural heritage by documenting, preserving, and showcasing its assets. This includes both immovable assets like archaeological sites, cities, and architectural monuments, as well as movable assets—tangible and intangible—such as manuscript works, library and archive items, audio-visual objects, traditional arts and crafts, and various expressions of Islamic culture.
- Institute programs dedicated to the identification and recording of assets and materials associated with Islamic cultural heritage. Utilize data banks and various archival and documentary methods for comprehensive documentation. Evaluate, restore, and preserve these cultural treasures, whether located domestically or internationally. Additionally, implement strategies for the recovery and retrieval of lost or dispersed artifacts and materials.
- Establish and maintain directories, rosters, registers, and pools of expertise encompassing resource persons, specialists, technical experts, and institutions proficient in activities such as research, training, information management, restoration, and conservation across diverse fields within the domain of Islamic cultural heritage.
- Establish, enhance, and manage a comprehensive reference library, archives, and documentation facilities dedicated to meeting the requirements of the Member States, researchers, students, and other stakeholders interested in the in-depth study of Islamic civilization.
- Conduct training programs aimed at enhancing skills and techniques in diverse fields of Islamic arts. These programs focus on training specialized manpower essential for the restoration, preservation, and utilization of historical documents and other assets within the realm of Islamic heritage.
- Promote scholarly inquiry in the domains of Islamic culture and civilization, and actively engage in the development and facilitation of graduate studies within these fields. Collaborate with universities and other institutions of higher learning to organize and participate in programs aimed at advancing knowledge in Islamic culture and civilization.
- Implement measures and institute incentive programs, including awards and competitions, with the goal of recognizing and encouraging individual and institutional accomplishments, services, and contributions across various domains of Islamic culture, scholarship, arts, and heritage.
- Establish and cultivate linkages and collaboration with all pertinent international, regional, and national organizations worldwide.

- Provide counsel to Member States and the Secretary General on matters pertaining to Islamic civilization. Undertake studies and projects as mandated by the Council of Foreign Ministers and the Secretary General.

After the merger of the International Commission for the Preservation of Islamic Cultural Heritage (ICPICH) with IRCICA in 2000, the activities that were previously conducted by ICPICH became integral components of IRCICA's work programs.

### **3. Islamic University of Technology (IUT)**

#### **Establishment**

The University was established as a subsidiary organ of the OIC, in line with the resolution No. 5/9-E passed during the Ninth Islamic Conference of Foreign Ministers held in Dakar, Republic of Senegal, in April 1978. Initially named as ICTVTR and later as the Islamic Institute of Technology, it underwent a nomenclature change to the Islamic University of Technology (IUT) following the resolution 48/28 adopted during the 28th Islamic Conference of Foreign Ministers held in Mali on 25-27 June 2001.

#### **Objectives**

The primary goal of the University is to contribute significantly to human resources development across the Member States of the OIC, with a specific focus on engineering, technology, and technical and vocational education. In particular, the objectives include:

- Offer comprehensive instruction in technology, science, engineering, and technical and vocational education, along with related fields as deemed necessary by the Member States and approved by the OIC. Specifically, the University aims to train engineers, instructors, technicians, and tradesmen in the technologies and trades essential for the development of the Member States. Additionally, it seeks to elevate mid-level and lower-level manpower to meet international standards.
- Engage, encourage, and provide guidance for research in industrial and technological domains, as well as in technical and vocational education, with a focus on delivering tangible benefits to the Member States of the OIC.
- Administer examinations and award certificates, degrees, diplomas, and other academic distinctions to individuals who have successfully completed courses of study at the University and have met the examination requirements, adhering to the conditions specified in the academic rules and regulations of the institution.
- With the approval of the Joint General Assembly based on the Board's recommendation, the University may bestow additional academic distinctions upon individuals of exceptional eminence from the Member States.
- Facilitate technical cooperation, share technical expertise, and disseminate fundamental information in the realm of human resource development through concise and specialized courses, seminars, workshops, and publications.

- Foster coordination between the University's objectives and those of other national and regional institutions within Islamic countries, as well as with international institutions.
- Provide advisory and consultancy services to governments, international bodies, foundations, and allied organizations.
- Actively engage in the meetings of commissions and committees established by the OIC, contributing relevant background information and technical papers.
- Foster cooperation and collaboration with the General Secretariat, as well as with other subsidiary and affiliated organs of the OIC.

#### **4. Islamic Center for the Development of Trade (ICDT)**

##### **Establishment**

The Statute of the Center was endorsed during the Third Islamic Summit Conference held in Makkah Al-Mukarramah in January 1981. As a Subsidiary Organ of the OIC, the Center operates in accordance with this approved framework.

##### **Objectives**

To enhance trade exchange among OIC Member States by:

- Conducting trade fairs, specialized exhibitions, and other trade activities to actively contribute to the promotion of products from Member States.
- Facilitating connections among businessmen from Member States and fostering networking opportunities among them.
- Arranging symposia and training seminars tailored for participants from the Member States.
- Facilitating the dissemination of trade information and data among Member States.
- Conducting studies and research endeavors.
- Assisting Member States in establishing national organizations or associations dedicated to promoting trade, and strengthening existing ones.

#### **5. International Islamic Fiqh Academy (IIFA)**

##### **Establishment**

The International Islamic Fiqh (Jurisprudence) Academy (IIFA) was established by resolution at the Third Islamic Summit of the Organization of Islamic Cooperation (N.8/3-T/S-I) held from January 25 to 28, 1981, with its headquarters located in the city of Jeddah, Kingdom of Saudi Arabia. Possessing legal personality, the Academy operates independently of any agency or organization. Its membership consists of distinguished Muslim jurists, scholars, researchers, and intellectuals with expertise in various fields of jurisprudential, cultural, educational, scientific, economic, and social knowledge, representing diverse regions of the Muslim world.

The Academy's primary role is to elucidate the legal rulings and provisions of Shariah (teachings of Islam) on matters of significance to Muslims globally. Operating independently and guided by



the Holy Quran and the Noble Sunnah of the Prophet (PBUH), the Academy aims to serve as the preeminent jurisprudential reference for Muslim countries and communities worldwide. It seeks to provide pertinent solutions to contemporary challenges by drawing insights from the Holy Qur'an, the noble Sunnah, and the rich Islamic heritage.

### **Objectives**

- To foster intellectual harmony and integration between jurists representing recognized schools of Islamic jurisprudence and experts in diverse fields of knowledge and human sciences. The aim is to clarify the stance of Shariah on matters pertaining to contemporary life.
- To issue legal rulings on matters arising from lived reality and subsequently translate them into various languages. This facilitates the formulation of legislations, laws, and regulations in accordance with the provisions of Shariah
- To advance collective Ijtihad on questions and issues of contemporary life, selecting legal rulings that align with the interests of Muslims as individuals, communities, or states. This process is conducted in complete harmony with the legal arguments and overarching purposes of Shariah.
- Facilitating coordination among authorities of Ifta (issuing legal opinions) and jurisprudential institutions, both within and outside the Muslim world, to prevent contradictions and hostilities between opinions on a single issue. This is particularly crucial for general issues that have the potential to cause conflict.
- To repudiate intolerance, fanaticism, and religious extremism, and to reject the anathematization of Islamic schools and their followers. Instead, the aim is to foster moderation, openness, and tolerance among the followers of different schools of thought and sects.
- To challenge fatwas that contradict Islamic principles, established rules of Ijtihad, and scholarly opinions without providing any substantiated evidence.
- To issue fatwas to Muslim communities residing outside the Muslim world in a manner that safeguards and upholds the values of Islam, its culture, and traditions. This aims to protect their Islamic identity while respecting the stipulations of citizenship and residency in these non-Muslim societies
- To foster cooperation, reconciliation, and mutual enrichment among scholars representing different schools of thought, particularly concerning the fundamental principles of religion. This involves strengthening the respect for shared beliefs, recognizing the ethical aspects of jurisprudential disagreements, and emphasizing the significance of considering diverse perspectives from various schools of thought when the Academy issues fatwas and resolutions
- To facilitate coordination among authorities of Ifta (issuing legal opinions) and jurisprudential institutions, both within and outside the Muslim world, with the aim of

preventing contradictions and hostilities between opinions on a single issue. This is particularly important for general issues that may lead to conflicts.

- To revitalize the field of Islamic jurisprudence by fostering its internal development through the establishment of principles, rules, evidences, and objectives.
- To engage in a constructive dialogue with adherents of other religions and cultures, seeking cooperation for the betterment of the global human community.

## **6. Islamic Solidarity Fund (ISF) and its Waqf/Islamic Solidarity Fund (ISF)**

### **Establishment**

The Islamic Solidarity Fund, established as a subsidiary organ of the OIC, was initiated following a resolution passed during the Second Islamic Summit Conference in Lahore, in Safar 1394H (February 1974).

### **Objectives**

- To diligently endeavor to elevate the intellectual and moral standards of Muslims worldwide;
- To offer essential material assistance during emergencies, including natural catastrophes and man-made disasters, affecting the Islamic States;
- To provide support to Muslim minorities and communities, aiming to enhance their religious, social, and cultural standards.

## **AFFILIATED**

Membership in these institutions is voluntary and open to institutions and organs of OIC Member States. Their budgets operate independently of the Secretariat General and those of subsidiary and specialized organs. Affiliated institutions can be accorded observer status through a resolution of the Council of Foreign Ministers. They have the option to seek voluntary assistance from subsidiary and specialized organs, as well as from Member States.

1. Islamic Chamber of Commerce, Industry and Agriculture (ICCIA)
2. Organization of Islamic Capitals and Cities (OICC)
3. Islamic Solidarity Sports Federation (ISSE)
4. World Federation of Arabo-Islamic International Schools (WFAIIS)
5. Organization of the Islamic Shipowners Association (OISA)
6. Islamic Conference Youth Forum for Dialogue and Cooperation (ICYF-DC)
7. International Union of Muslim Scouts (IUMS)
8. Federation of Consultants from Islamic Countries (FCIC)
9. Islamic World Academy of Sciences (IAS)

10. General Council for Islamic Banks and Financial Institutions (CIBAFI)
11. Federation of Contractors from Islamic Countries (FOCIC)
12. OIC Computer Emergency Response Team (OIC-CERT)
13. Standards and Metrology Institute for Islamic Countries (SMIIC)
14. International Islamic University Malaysia (IIUM)
15. Association of Tax Authorities of Islamic Countries (ATAIC)
16. Real Estate Union in Islamic States (REUOS)
17. Organisation of Islamic Cooperation Broadcasting Regulatory Authorities Forum (IBRAF)

## **1. Islamic Chamber of Commerce, Industry and Agriculture (ICCIA)**

### **Establishment**

The notion to establish the Islamic Chamber of Commerce and Industry was proposed during the Seventh Islamic Conference of Foreign Ministers in May 1976 in Istanbul, Turkey. The idea gained approval at the First Conference of the Chambers of Commerce and Industry in October 1977 in Istanbul. Subsequently, its Constitution was adopted during the Second Conference of Chambers of Commerce and Industry held in December 1978 in Karachi, Pakistan. The name of the organization was later changed to the Islamic Chamber of Commerce, Industry, and Agriculture (ICCIA) during the 28th General Assembly Meeting in Istanbul, Turkey, on 11 April 2012.

The Islamic Chamber is an affiliated organ of the OIC, serving as a representative body for the private sector across 57 member countries. Its primary objective is to foster enhanced collaboration in areas such as trade, commerce, information technology, insurance/reinsurance, shipping, banking, and the promotion of investment opportunities and joint ventures within the member countries. Membership in the Islamic Chamber consists of National Chambers, Unions, and Federations of Chambers of Commerce and Industry from the member countries.

### **Objectives**

#### 1. Ethical objectives:

- To reinvigorate ethical values in commercial transactions.
- To promote awareness of Islamic economics.
- To strengthen solidarity and fraternity.
- To promote the dissemination of the Arabic language.

#### 2. Practical objectives:

- Enhancement of labor exchange volumes.

- Expansion of the tourism volume.
- Increase in the volume of investments.
- Augmentation of trade exchange volume.
- Enhancing national production.
- Designing educational curricula aligned with market needs and development requirements.
- To foster collaboration in the media industry between Muslim and non-Muslim entities.
- To prioritize studies, research, and actively promote innovations and inventions.
- To embrace the aspirations of the youth within the Ummah and create business opportunities for them.

### 3. General objectives

- To coordinate and collaborate with the OIC and its related institutions to strengthen Islamic solidarity and address threats against the Islamic nation.
- To foster collaboration for the resolution of mutual agreements among economic organizations and associations of Islamic countries.
- Strengthening relations with international organizations.
- Promoting collaboration in Islamic banking and facilitating capital mobility
- Resolving industrial and trade disputes through arbitration.
- Organizing conferences, lectures, and forums to benefit member countries and promote enhanced coordination among them.
- To enhance connections with international organizations, including the UN and its specialized institutions, as well as international trade organizations. The objective is to bolster the role of the private sector in the socio-economic development process.
- To establish business-oriented resources, including the creation of a Private Waqf Fund (endowment) and trade financing portfolios, aimed at boosting Intra-Islamic trade. Additionally, organizing trade fairs and exhibitions to promote goods and services, ensuring a stable and consistent income for the ICCIA. The generated revenues from the proposed Waqf will be utilized to support projects dedicated to the development of Muslim communities and minorities, aligning with the broader objectives of the Islamic Chamber.
- To establish forums for Muslim businessmen in Islamic countries and across Muslim communities and minorities worldwide, defining their duties and privileges.

## 2. Organization of Islamic Capitals and Cities (OICC)

### Establishment

The OICC was established as an organization affiliated with the Organization of Islamic Cooperation through Resolution No. (9/9-P) issued during the 9th Session of the Islamic Conference of Foreign Ministers in Dakar, Republic of Senegal, on 17/5/1398 H (24/4/1978). The 10th Session of the Islamic Conference of Foreign Ministers, convened in Fez, Kingdom of

Morocco, on 10/6/1399 H (8/3/1979), officially endorsed the draft of the Organization's constitution through Resolution No. (25/10-P).

The Organization was formally established in 1400 H (1980) under the name "Organization of Islamic Capitals" through a resolution issued during the Organization's 1st General Conference held in Makkah Al-Mukarramah on 11-12 Rabi Awal 1400 H (29-30 January 1980). During this conference, the Organization's constitution was ratified, and the Administrative Council and Secretary General were elected. Subsequently, the Organization's name was amended to its current title, "Organization of Islamic Capitals and Cities," through resolution No. (5/2 G) at the 2nd General Conference held in Islamabad from 14 to 16 Jumada Al-Thani 1402 H (8-10 April 1982).

### **Objectives**

- Safeguard the identity and heritage of Islamic capitals and cities.
- Attain and bolster sustainable development in member capitals and cities, fostering the establishment and enhancement of comprehensive urban norms, systems, and plans. These initiatives aim to contribute to the growth and prosperity of Islamic capitals and cities, elevating their cultural, environmental, urban, economic, and social conditions.
- Enhance the standards of services and municipal utilities in Islamic capitals and cities.
- Strengthen and promote capacity-building programs for Islamic capitals and cities.
- Foster camaraderie, brotherhood, and friendship among Islamic capitals and cities, supporting and coordinating the breadth of cooperation between them.

### **3. Islamic Solidarity Sports Federation (ISSF)**

#### **Establishment**

By the authority of Resolution No. 17/11-C from the Eleventh Islamic Conference of Foreign Ministers in Islamabad, Pakistan, held in May 1980 (1400H), and Resolution No. 7/3-C from the Third Islamic Summit in Makkah Al Mukarramah/Taif in January 1981 (1401H) of the Third Islamic Summit Conference, the decision to establish the "Islamic Solidarity Sports Federation" was made. The formal establishment took place on 6 May 1985.

#### **Objectives**

- Foster Islamic solidarity among youth in Member States and advance Islamic identity in the realm of sports.
- Instill the principles of non-discrimination based on religion, race, or color, in accordance with Islamic tenets.
- Strengthen the bonds of unity, amity, and fraternity among youth in Member States.
- Introduce OIC goals to the youth in Member States.
- Encourage member National Olympic Committees (NOCs) to unify stances in Olympic, international, continental, and regional conferences and meetings, and cooperate with all international and continental sports institutions and organizations.
- Enhance cooperation among Member States on matters of common interest in all fields of sports activities.

- Preserve sports principles and promote the Olympic sports movements in the Muslim world.
- Promote the spirit of sportsmanship, principles of fair play, and non-violent behavior in sports events.
- Respect environmental issues in sports facilities.
- Contribute to the campaign against doping in sports.
- Support principles of peace and related efforts in the field of sports globally.
- Pay attention to sports education, health, and recreation.
- Encourage sports tourism.
- Promote sports culture.
- Develop women's sports in line with the teachings of Islam.

#### **4. World Federation of Arabo-Islamic International Schools (WFAIIS)**

##### **Establishment**

The founding conference of the Federation took place in Riyadh, Saudi Arabia, on the 26th of Rabi Al-Awwal 1396AH (March 26, 1976). The initiative received approval from the 7th Islamic Conference of Foreign Ministers convened in Istanbul, Turkey, in May 1976, through Resolution No.7/18-AF.

##### **Objectives**

The Federation serves as a global representative body for Arab-Islamic Schools, aiming to provide support and assistance to these educational institutions worldwide. Its primary objectives include the promotion of Islamic culture and the teaching of Arabic, the language of the Holy Quran. This mission involves extending support to schools and cultural centers, training personnel, fostering cooperation among institutions dedicated to spreading the Arabic language and Islamic culture globally, and establishing and overseeing sponsored Arab-Islamic Schools.

#### **5. Organization of the Islamic Shipowners Association (OISA)**

##### **Establishment**

The establishment of the Association was mandated by the Third Islamic Summit Conference in Makkah Al-Mukarramah/Taif (Kingdom of Saudi Arabia) through Resolution 4/3 IS. The Summit not only decided to create the Association but also sanctioned its Statute. The Association operates as an affiliated institution of the OIC.

##### **Objectives**

- To streamline and consolidate the endeavors of its members in fostering collaboration among maritime companies within Member States for optimal profitability.
- To motivate members to establish collaborative maritime ventures and shipping lines between Member States.

- To establish connectivity between the Islamic world and other nations through a comprehensive maritime network.
- To enhance and regularize freight and passenger voyages between Islamic and other countries.
- To aid in formulating a unified policy for Islamic maritime transporters.
- To conduct comprehensive studies and research across various facets of maritime transport.

## **6. Islamic Conference Youth Forum for Dialogue and Cooperation (ICYF-DC)**

The Islamic Conference Youth Forum for Dialogue and Cooperation (ICYF-DC) attained the status of an institution affiliated with the OIC, as per Resolution N3/32-C passed during the 32nd session of the Islamic Conference of Foreign Ministers in Sana'a, Yemen on 28-30 June 2005. This recognition followed the establishment of ICYF-DC at its Founding General Assembly in Baku, Azerbaijan, held on 1-3 December 2004, in alignment with Resolution N 15/31-C adopted during the 31st session of the Islamic Conference of Foreign Ministers on 14-16 June 2004 in Istanbul, Turkey.

The ICYF-DC is dedicated to coordinating youth activities within OIC countries, operating in five key areas: advocating for youth interests, supporting sustainable development, promoting both formal and non-formal education, reinforcing the moral values of the younger generation, and actively engaging in dialogue among cultures and civilizations. Comprising 35 prominent national and 6 international youth organizations, the ICYF-DC's apex decision-making body is its General Assembly. This assembly elects a 9-member Board, along with the President and Secretary-General of the Forum.

## **7. International Union of Muslim Scouts (IUMS)**

The International Union of Muslim Scouts (IUMS) is an independent organization that encompasses scout bodies and associations representing Muslim Scouts globally. It has gained recognition from the following entities:

- The 7th Islamic Summit Conference, held in Casablanca, Kingdom of Morocco, from 11 to 15 Rajab 1415H (13-15 December 1995), Resolution No. 5/7-ORG(IS).
- The World Organization of the Scout Movement in its conference in Bangkok in 1993.
- International Islamic Council for Da'wa and Relief in its conference in 1416H, Cairo.
- The Royal approval of the Custodian of Two Holy Mosques, King Fahad Ibn Abdul Aziz to host IUMS in the Kingdom of Saudi Arabia (No. 9/B 14886 dated 17/9/1420H).
- The World Assembly of Muslim Youth.

### **Objectives**

- To craft an educational curriculum aimed at fostering the holistic development of young Muslims, with a specific emphasis on nurturing and fortifying their spiritual dimensions.
- Drive and advance the global promotion of Islamic scouting by fostering motivation and engagement on an international scale.

- Enhance coordination and collaboration among members of the International Union of Muslim Scouts (IUMS) to foster greater unity and effectiveness.
- Promote and facilitate the coordination of social, humanitarian, and relief activities within the Union, or in collaboration with non-scout organizations of similar nature, to maximize collective impact and address pressing community needs.
- Introduce Islamic scouting initiatives in states with Muslim populations to instill values of community engagement and character development within these regions.
- Foster and propagate a spirit of brotherhood and mutual understanding among Muslim Scouts, promoting unity and camaraderie within the scouting community.

## **8. Federation of Consultants from Islamic Countries (FCIC)**

The Federation of Consultants from Islamic Countries (FCIC) aspires to be the leading platform for consultants and consulting firms within Islamic nations. We aim to synergize collective efforts, channeling the energy and creativity of our members towards the development of the Ummah.

### **Establishment**

It was formally established in Istanbul in 1986.

### **Objectives**

- Foster the advancement of consultancy services in Islamic countries, promoting proficiency and competence across various professional disciplines.
- Strengthen the connectivity among consultants, establishing effective communication channels and mechanisms for sharing experiences.
- Provide comprehensive information and data on consultants, development projects in the Islamic world, and available funding resources.
- Establish standards for preserving ethical codes and professional norms within the consultancy profession.
- Collaborate with international, regional, and local organizations to organize workshops and seminars addressing shared challenges in Islamic countries.
- Stimulate cooperation and foster relationships among FCIC members.
- Develop a systematic mechanism for the exchange of information, technology, and expertise.
- Facilitate and encourage studies addressing common challenges of interest to FCIC members.
- Disseminate information to members about consultancy opportunities and potential participation in projects and programs funded by development finance institutions, particularly the Islamic Development Bank.
- Promote and uphold ethical standards, ensuring compliance among FCIC members.



## **9. Islamic World Academy of Sciences (IAS)**

### **Establishment**

The Islamic World Academy of Sciences, originally founded as the Islamic Academy of Sciences, came into existence in 1986. Its establishment was prompted by a proposal from the Standing Committee on Scientific and Technological Cooperation of the OIC, gaining approval during the 1984 Casablanca Summit Conference of the OIC.

The Executive Secretariat of the Academy, situated in Amman, serves as the operational arm of the Islamic World Academy of Sciences (IAS). It is entrusted with the responsibility of managing the institutional framework and executing the strategic plan of action. Through its Secretariat, the IAS has consistently executed both regular and ad hoc programs aimed at addressing developmental challenges. The overarching goal is to formulate effective remedial policies that developing countries can adopt to realize their development objectives.

### **Objectives**

The primary objectives of the Islamic World Academy of Sciences (IAS) include acting as a consultative body for the Islamic Ummah in the realm of science and technology (S&T). The IAS is committed to instigating and overseeing science and technology programs, establishing benchmarks for scientific performance. Furthermore, it aims to advance research initiatives addressing key challenges encountered by Islamic countries. The IAS also endeavors to recognize and celebrate noteworthy scientific accomplishments by conferring prizes and honors in the field of science and technology.

The organizational framework of the Academy is underpinned by a self-governing structure, led by a General Assembly comprising all its Fellows, currently numbering 102. Oversight and management responsibilities are vested in an 11-member Council, elected by the General Assembly to serve a four-year term. This governance structure ensures effective leadership and representation within the Academy.

A primary undertaking of the IAS involves hosting international scientific conferences, each held annually in a different country. These conferences, supported both academically and financially by numerous international agencies, serve as vital forums addressing critical issues facing the Third World. The Academy has successfully organized fifteen such conferences, and the proceedings are documented annually. Additionally, the IAS publishes a quarterly refereed science journal, the 'Medical Journal of the Islamic World Academy of Sciences' (ISSN 1016-3360). In line with its commitment to capacity-building, the IAS actively conducts and supports specialized workshops in Basic Sciences within developing countries. Furthermore, the Academy extends its expertise by providing specialists and consultants in Science and Technology to developing nations upon request. This multifaceted approach underscores the IAS's dedication to fostering scientific collaboration, knowledge dissemination, and skill development worldwide.

The Academy disseminates knowledge through various publications, including books highlighting Islam's contributions to science, a biannual Newsletter, and monographs covering a range of contemporary topics.

The Academy engages in cooperative programs through Memoranda of Understanding with esteemed academies, including Azerbaijan, Uzbekistan, Kazakhstan, TWAS, ISESCO, and RSS (Jordan). Additionally, it actively participates in ongoing initiatives with organizations such as COMSTECH, UNESCO, ISESCO, IDB, and the World Bank.

During the current biennium, the IAS is offering advisory services to the OIC and developing countries in the realm of Transformational Technologies, encompassing Information Technology, Biotechnology, and Nanotechnology. Additionally, the Academy is actively engaged in a long-term initiative aimed at enhancing and upgrading selected universities within the OIC.

IAS is actively championing Vision 1441, a set of targets that urges OIC Member States to achieve specific milestones by the year 2020, corresponding to 1441 in the Hijri Calendar.

## **10. General Council for Islamic Banks and Financial Institutions (CIBAFI)**

### **11. Federation of Contractors from Islamic Countries (FOCIC)**

### **12. OIC Computer Emergency Response Team (OIC-CERT)**

The OIC-CERT attained the status of an OIC Affiliated Institution through Resolution INF-36/2, which was adopted during the 36th Session of the CFM held in Damascus, Syrian Arab Republic.

The primary goal of the OIC-CERT is to strengthen and foster collaboration among teams with similar functions established in the OIC Member States. The overarching objectives can be summarized as follows:

- Fortifying the collaboration among Computer Emergency Response Teams in OIC Member States.
- Facilitating the Exchange of Information.
- Preventing and minimizing instances of electronic (Cyber) terrorism and computer crimes.
- Advancing Education and Awareness programs.
- Elevating cooperation levels in the domains of technological research and development.

The activities of OIC-CERT fall into two distinct categories: capacity building and infrastructure programs. These initiatives are funded through contributions from OIC-CERT Member States and/or IDB grants. This financial model has been structured in alignment with the established rules governing similar international teams, such as the Asia Pacific Team and the Organisation of American States (OAS) Team.

Cyber Security Malaysia presently serves as the current chair of OIC-CERT.

## **13. Standards and Metrology Institute for Islamic Countries (SMIIC)**

### **Establishment**

The concept of creating a robust mechanism to harmonize standards among Islamic countries originated from the 1st Meeting of the Standing Committee for Economic and Commercial Cooperation (COMCEC) of OIC in 1984. In pursuit of this objective, the Standardization Experts Group for Islamic Countries (SEG) was established in 1985. The dedicated efforts of SEG

culminated in the approval of the Standards and Metrology Institute for Islamic Countries (SMIIC) Statute during the 14th COMCEC Meeting in 1998.

The Statute of SMIIC was initially presented for signature to member countries at the 15th COMCEC Meeting in Istanbul, Republic of Turkey, held on November 4-7, 1999.

The Statute came into effect upon meeting the ratification threshold of 10 OIC Member States in May 2010, and the formal establishment of the Institute followed in August 2010. SMIIC holds the status of an affiliated organ within the OIC.

SMIIC is committed to achieving harmonized standards among its Member States, with a key objective of removing technical barriers to trade and fostering the development of commerce among them. To facilitate the seamless exchange of materials, manufactured goods, and products, SMIIC intends to institute certification and accreditation schemes. The initial step in this process involves the mutual recognition of certificates among Member States.

SMIIC is dedicated to establishing uniformity in metrology, laboratory testing, and standardization activities across its Member States. Additionally, it seeks to ensure education and training opportunities while providing essential technical assistance to OIC Members in the field of standardization and metrology.

### **Objectives**

- Strive to establish harmonized standards across Member States, eliminating any factors related to standards affecting trade adversely, particularly concerning materials, manufacturers, and products.
- Develop OIC/SMIIC standards aimed at enabling Member States to derive maximum economic benefits from standardized practices.
- Institute a certification scheme to facilitate the swift exchange of materials, manufactured goods, and products among Member States, commencing with the mutual recognition of certificates.
- Attain uniformity in metrology, laboratory testing, and standardization activities among Member States.
- Provide Member Bodies with calibration and metrology services through a cost-sharing system, particularly for services requiring significant investments and expenditures.
- Ensure education and training for personnel of Member Bodies in the realms of standardization and metrology, leveraging existing resources efficiently and sharing accumulated information and experiences.
- Offer documentation and information services related to standards, catering to the needs of Member Bodies in these fields.
- Extend technical assistance to Member States lacking standard bodies, with the aim of facilitating the establishment of their own standard bodies.

## **14. International Islamic University Malaysia (IIUM)**

### **Establishment**

During the 13th Session of the ICFM held in Niamey, Republic of Niger, from 22 to 26 August 1982, the Final Declaration, in paragraph 99, warmly welcomed the decision of the Government of Malaysia to establish the International Islamic University in Malaysia (IIUM). This decision reflected Malaysia's unwavering commitment to the objectives and principles of the OIC.

Formally established on May 20, 1983, the International Islamic University in Malaysia (IIUM) came into being following an exchange of Diplomatic Notes of co-sponsorships between the Government of Malaysia, several OIC Member States, and the OIC General Secretariat. In line with Resolution No. 9/14-C, the 14th Session of the ICFM in Dhaka, People's Republic of Bangladesh, from December 6 to 11, 1983, extended an invitation to OIC Member States to sign the document that laid the foundation for the university. This initiative was framed within the cultural cooperation framework with the Government of Malaysia, ensuring the university's ability to fulfill its intended purposes.

In October 2010, the Government of Malaysia formally requested the affiliate status for the International Islamic University in Malaysia (IIUM) from the OIC. This request underwent thorough examination and received approval during the 38th Session of the CFM held in Astana, Republic of Kazakhstan, from June 28 to 30, 2011, as per Resolution No. 2/38-ORG.

### **Objectives**

- Undertake the crucial task of reforming the contemporary Muslim mindset, harmonizing Islamic Revealed Knowledge and Human Sciences in a constructive manner.
- Produce a cadre of high-caliber intellectuals, professionals, and scholars by seamlessly integrating the qualities of faith (iman), knowledge ('ilm), and good character (akhlaq). They are envisioned as catalysts for comprehensive and balanced progress, contributing to sustainable development in Malaysia and the broader Muslim world.
- Foster the Islamization of ethics within the IIUM academic and administrative community, particularly in the social sciences and humanities, aiming to enhance their utility and relevance to the Muslim Ummah.
- Nurture a culture of holistic excellence infused with Islamic moral-spiritual values across learning, teaching, research, consultancy, publication, administration, and student life.
- Exemplify an international community of dedicated intellectuals, scholars, professionals, officers, and workers guided by the Islamic world-view and a code of ethics integrated into their work culture.
- Promote intercultural understanding and facilitate dialogues between civilizations in Malaysia and beyond, transcending boundaries and fostering unity across communities and nations.
- Create an environment that instills a commitment to lifelong learning and a profound sense of social responsibility among both staff and students.

## **15. Association of Tax Authorities of Islamic Countries (ATAIC)**

### **Establishment**

Established in 2003, the ATAIC conducts its Annual Technical Conference, held once a year on a rotating basis. This conference serves as a platform for addressing tax challenges encountered by tax systems in Islamic countries, exploring methods for modernizing tax policies and legislations. Additionally, the annual conference focuses on fostering the exchange of experiences and enhancing cooperation among member countries to facilitate improved capacity building for tax administration staff.

The inaugural ATAIC Technical Conference took place in Putrajaya, Malaysia, from October 4-7, 2004. Subsequent conferences were held in Tehran, Iran (November 29 to December 2, 2005), Pakistan (November 22-25, 2006), Kuwait (November 25-28, 2007), and Indonesia (October 26-31, 2008). The sixth and final conference was hosted by Sudan on October 11-15, 2009. Notably, during this conclusive conference, the Statute of the Association was successfully adopted.

In December 2010, the Government of the Republic of Sudan formally submitted a request for the ATAIC to be granted affiliate status within the OIC. This request underwent careful consideration and received approval during the 38th Session of the CFM held in Astana, Republic of Kazakhstan, from June 28 to 30, 2011, as per Resolution No. 7/38-ORG.

### **Objectives**

#### 1) General objectives:

- Facilitate the enhancement of tax administration and advocate for Sharia Taxation, particularly with respect to Zakat, across Islamic countries, addressing the swiftly evolving challenges in the global landscape.
- Establish a platform for comprehensive discussions, knowledge-sharing, and the exchange of experiences to facilitate the formulation and enhancement of tax and/or zakat policies and administrations within Member Countries.
- Promote mutual cooperation and assistance among Tax Authorities in Member and Associate Member Countries, serving as a focal point for the exchange of best practices and experiences among its Members.
- Advocate for the pivotal role of tax and zakat administration in fostering economic development within Member Countries.

#### 2) Specific objectives and activities

- Conducting meetings, including an Annual Technical Meeting focused on tax/zakat matters, to facilitate the exchange of ideas and experiences among members.
- Organizing seminars, workshops, and training courses dedicated to various aspects of tax/zakat organization.
- Collecting, analyzing, and disseminating information on tax/zakat issues to enhance awareness and knowledge.
- Directly providing or collaborating with bilateral and multilateral agencies to facilitate technical assistance and research facilities in the field of tax administration.

- Engaging in functions aimed at the overall enhancement of the capabilities of tax/zakat administration through collaborative efforts and functional cooperation among Islamic countries.

## **16. Real Estate Union in Islamic States (REUOS)**

## **17. Organisation of Islamic Cooperation Broadcasting Regulatory Authorities Forum (IBRAF)**

The Organisation of Islamic Cooperation Broadcasting Regulatory Authorities Forum (IBRAF) is a collaborative platform that strives to address the growing necessity for enhanced cooperation among broadcasting regulatory authorities in Islamic countries. This initiative becomes particularly crucial in the context of digitalization and convergence within the media landscape.

### **Objectives**

- Foster dialogue and collaboration among broadcasting regulatory authorities.
- Serve as a platform for the exchange of information, perspectives, and experiences on shared broadcasting-related topics.
- Facilitate discussions on a broad spectrum of audiovisual matters, including cultural affairs, the protection of children and youngsters, addressing challenges like rising Islamophobia, and more.

## **SPECIALIZED**

These entities operate within the framework of the OIC in line with decisions made by the Islamic Summit or Council of Foreign Ministers. Membership in these organs is voluntary and available to OIC Member States. Their budgets operate independently of the budget of the Secretariat General and its subsidiary organs, and approval for their budgets is obtained through their respective legislative bodies. The specialized institutions are as follows:

1. Islamic Development Bank (IDB)
2. Islamic Educational, Scientific and Cultural Organization (ISESCO)
3. Islamic Broadcasting Union (IBU)
4. Union of News Agencies of the OIC Member States (UNA)
5. Islamic Committee of the International Crescent (ICIC)
6. The Science, Technology and Innovation Organization (STIO)
7. Islamic Organisation for Food Security (IOFS)
8. Women Development Organization (WDO) in OIC Member States

## **1. Islamic Development Bank (IsDB)**

The Islamic Development Bank (IsDB), as a specialized institution of the OIC, functions as an international financing institution.

### **Establishment**

The inception of the idea to establish this institution traces back to the 2nd Islamic Foreign Ministers Conference held in Karachi in 1970. A recommendation was made at that conference to conduct a comprehensive study on this project. Subsequently, a Declaration of Intent was issued during the First Conference of Finance Ministers of Islamic countries held in Jeddah in Zul Qaddah, 1393AH (December 1973) to endorse the establishment of the bank. The Bank was formally inaugurated on the 15th Shawal, 1395AH (20 October 1975).

### **Purpose**

The primary objective of the Bank is to promote the economic development and social progress of its Member States and Muslim communities, both individually and collectively, in accordance with the principles of Shariah.

### **Functions**

The Bank's functions encompass providing equity participation and extending loans for productive projects and enterprises. Additionally, it offers financial assistance to member states in various forms to support their economic and social development. Furthermore, the Bank aims to foster foreign trade among member countries.

## **2. Islamic Educational, Scientific and Cultural Organization (ISESCO)**

ISESCO is a specialized international organization operating within the framework of the Organization of Islamic Cooperation, focusing on the fields of Education, Science, Culture, and Communication.

### **Establishment**

The Eleventh Conference of Islamic Foreign Ministers, convened in Islamabad in Rajab 1400H/May, ratified Resolution No.2/11-C, formally approving the Statute of this institution. This decision followed the mandate of the Tenth Conference to establish such an institution, a resolution that had been communicated during the Third Islamic Summit in Makkah/Taif in 1981. ISESCO's founding conference took place in Fez, Kingdom of Morocco, from 9 to 11 Rajab 1402 H (3-5 May 1982).

### **Objectives**

- Strengthening, promoting, and consolidating cooperation among Member States in the fields of education, science, culture, and communication, with a focus on developing and elevating these domains within the context of the civilizational reference of the Islamic world and guided by human Islamic values and ideals.
- Fostering mutual understanding among peoples within and beyond Member States, contributing to global peace and security through various means, particularly in education, science, culture, and communication.

- Publicizing an accurate image of Islam and Islamic culture, fostering dialogue among civilizations, cultures, and religions, and striving to propagate values of justice and peace, along with principles of freedom and human rights, in alignment with the Islamic civilizational perspective.
- Encouraging cultural interaction and supporting cultural diversity in Member States while preserving cultural identity and safeguarding the independence of thought.
- Strengthening complementarity and coordination among specialized institutions of the Organization of Islamic Cooperation in the fields of education, science, culture, and communication, as well as promoting cooperation and partnerships with similar governmental and non-governmental institutions sharing common interests within and outside Member States.
- Elevating the study and understanding of Islamic culture, emphasizing its distinctive features, and highlighting its landmarks in intellectual studies, scientific research, and educational curricula.
- Working towards establishing complementarity and correlation among the educational systems of Member States.
- Supporting the efforts of educational, scientific, and cultural institutions for Muslims in non-Member States of ISESCO.

### **3. Islamic Broadcasting Union (IBU)**

#### **Establishment**

This OIC specialized institution, initially known as the Islamic States Broadcasting Organization (ISBO), was established following a resolution adopted during the Sixth Islamic Conference of Foreign Ministers held in Jeddah, Kingdom of Saudi Arabia, in July 1975.

#### **Objectives**

The primary objectives of the Organization are:

- Disseminating the principles of Islamic Da'wa and promoting the teaching of the Arabic language.
- Facilitating mutual understanding among Muslim communities.
- Advocating for and addressing Islamic causes.
- Enhancing the sense of brotherhood among Muslim populations.
- Fostering collaboration between Islamic technical bodies and institutions of member states in the realm of broadcasting.
- Creating and exchanging radio and television programs to further the objectives of the Organization.

### **4. Union of News Agencies of the OIC Member States (UNA)**

#### **Establishment**

The Union of News Agencies of the OIC Member States (UNA), established as an OIC specialized institution, originated from resolution No. 6/3 adopted during the 3rd Islamic Conference of



Foreign Ministers held in Jeddah in March 1972. This decision was preceded by an earlier resolution taken at the Islamic Conference in Karachi, Islamic Republic of Pakistan, in 1970.

### **Objectives**

- Foster enhanced and closer relations among member states in the information field.
- Promote and facilitate contacts, as well as technical cooperation, between the news agencies of member states.
- Advocate for a deeper understanding of Islamic peoples and contribute to addressing their political, economic, and social challenges.

## **5. Islamic Committee of the International Crescent (ICIC)**

The Islamic Committee for the International Crescent, a specialized institution of the OIC, is dedicated to mitigating the hardships arising from natural disasters and conflicts.

### **Establishment**

During the Eighth Islamic Conference of Foreign Ministers held in May 1977 in Tripoli, Libya, the principle of establishing this institution was officially endorsed.

### **Objectives**

This organization is designed to:

- Provide medical assistance and alleviate the sufferings caused by natural catastrophes and man-made disasters.
- Offer all necessary assistance within its capacity to international and local organizations dedicated to serving humanity.

## **6. The Science, Technology and Innovation Organization (STIO)**

The Science, Technology, and Innovation Organization (STIO) is a specialized institution of the OIC entrusted with the responsibility of implementing resolutions and decisions related to science, technology, and innovation. These directives originate from the Islamic Summit Conference, the General Assembly of COMSTECH, and the Council of Foreign Ministers (CFM), aligning with the provisions outlined in the OIC Charter.

### **Establishment**

STIO was established as a Specialized Institution of the OIC in accordance with Chapter XIII, Article 24 of the OIC Charter, following the adoption of Resolution No. 8/34-S&T by the 34th CFM in Islamabad in 2007. The Statute of STIO became effective upon its endorsement by the Founding Members during their meeting in Riyadh, Kingdom of Saudi Arabia, held on 24 February 2010, in accordance with Article 30 of STIO's Statute.

### **Objectives**

- To advance cooperation, coordination, and activities in the fields of Science, Technology, and Innovation (STI) among Member States, aiming to enhance the levels of STI and human capital within the OIC.

- To encourage Member States to integrate science, technology, and innovation into the formulation and execution of their development strategies.
- To optimize the utilization of scientific and technological expertise within Member States, fostering technical competence and capabilities to effectively address emerging challenges.
- To facilitate smart partnerships and consolidate resources from both the private and public sectors for research and development initiatives.
- To promote and endorse regional and international collaboration in the realm of Science, Technology, and Innovation.

### **Functions**

- Research and analyze Science, Technology, and Innovation (STI) related issues among its Member States to present to the Islamic Summit Conference, the General Assembly of COMSTECH, and the CFM;
- Motivate and assist Member States in enhancing their STI policies and infrastructure;
- Provide support to the STI and research community in achieving their objectives;
- Collaborate and coordinate with international organizations focused on STI for the benefit of its Member States;
- Raise awareness among Muslim societies about the importance of adopting science and a scientific culture for their well-being and security;
- Develop plans and proposals to make science and technology relevant to socio-economic advancement;
- Formulate technology transfer policies for its Member States;
- Conduct consultations within its field of competence with international and regional groupings and organizations, as needed, to fulfill its objectives.

## **7. Islamic Organisation for Food Security (IOFS)**

The Islamic Organization for Food Security, as a specialized institution of the OIC, is committed to advancing agricultural and rural development and fostering food security within OIC member states.

### **Establishment**

The establishment of the Islamic Organization for Food Security (IOFS) was mandated during the 39th Session of the Council of Foreign Ministers in Djibouti, Republic of Djibouti, held on 15-17 November 2012. The decision was later ratified at the 40th Session of the Council of Foreign Ministers in Conakry, Republic of Guinea, on 9-11 December 2013, where the Statute was approved, officially designating IOFS as an OIC specialized institution dedicated to promoting agriculture, rural development, and food security.

The Statute of IOFS came into full effect on 19 February 2018, in accordance with Article 21 of the Statute. The operational commencement of the IOFS Secretariat was initiated on 1 March 2018.

## **Objectives**

The overarching objectives of IOFS encompass coordinating, formulating, and executing unified agricultural policies, facilitating the exchange and transfer of relevant agricultural technologies. It also involves assessing and monitoring the food security situation in member states, enabling timely responses and humanitarian assistance, including the establishment of food security reserves. Additionally, IOFS strives to mobilize and manage financial and agricultural resources to foster agricultural development and enhance food security across its member states.

## **STANDING COMMITTEES**

To address matters of crucial significance to the Organization and its Member States, the OIC has established the following Standing Committees:

1. Al Quds Committee
  - Bayt Mal Al Quds Agency
2. Standing Committee for Information and Cultural Affairs (COMIAC)
3. Standing Committee for Economic and Commercial Cooperation (COMCEC)
4. Standing Committee for Scientific and Technological Cooperation (COMSTECH)

### **1. Al Quds Committee**

#### **Establishment**

The establishment of the Committee was formalized through the adoption of Resolution 1/6-P during the 6th Islamic Conference of Foreign Ministers, which took place in Jeddah, Saudi Arabia from 12-15 July 1975.

#### **Objectives**

- The Committee's mandate includes monitoring the implementation of resolutions endorsed by the Organization and other international bodies aligned with the OIC's stance. Additionally, it serves as a liaison with other entities and provides Member States with recommendations on executing resolutions, attaining their goals, and addressing emerging developments within the defined scope of its responsibilities.
- To execute all resolutions pertaining to the Arab-Israeli conflict, recognizing the inherent link between the Al-Quds question and the broader conflict.

### **2. Bayt Mal Al Quds Agency**

#### **Establishment**

The establishment of BAYT MAL AL QUDS AGENCY was initiated by His Majesty the late King Hassan II, King of Morocco (May Allah grant him mercy). The concept was presented during the 15th session of the Al-Quds Committee in Ifrane, Kingdom of Morocco in 1995. The idea gained approval at the 23rd Islamic Conference of Foreign Ministers held in Conakry, Republic of Guinea from 9-13 December 1995, leading to the creation of the Agency. The Agency obtained its statute and achieved full legal status with the appointment of its first director, marking the official commencement of its activities on 30 July 1998.

Under the esteemed patronage of His Majesty King Mohammed VI, the King of Morocco and Chairman of the Al-Quds Committee, the BAYT MAL AL QUDS AGENCY convened its inaugural meeting on 14 February 2000. The Secretary-General of the Organization of Islamic Cooperation also graced the occasion with their presence.

### **Objectives**

- To preserve the sanctity of Al Quds Al Sharif (Jerusalem);
- To provide assistance to the Palestinian population and institutions in the holy capital;
- To protect and restore the Al Aqsa Mosque and other sacred sites in the city, as well as the cultural, religious, and architectural heritage of the city.

### **Management**

The agency is governed by three bodies, namely:

- An administrative board comprised of Finance Ministers from Member States in the Al Quds Committee.
- Trusteeship Committee composed of Foreign Affairs Ministers from five Member States in the Al Quds Committee, with two permanent members: the Foreign Ministers of the Kingdom of Morocco and the State of Palestine.
- Director General of the agency.

### **Resources**

The agency's revenue are derived from the following sources:

- Mandatory contributions from OIC Member States at rates determined by the member states to support the Agency's budget and its projects.
- Gifts and donations from public and private bodies, including charitable societies, Arab, Islamic, and friendly communities, companies, and individuals.
- Returns from the agency's assets, properties, projects, shares, and products.

## **3. Standing Committee for Information and Cultural Affairs (COMIAC)**

### **Establishment**

The ministerial committee, established in accordance with resolution 13/3 – P (IS) adopted during the Third Islamic Summit Conference in Makkah Al Mukaramah and Taif, Kingdom of Saudi Arabia, in January 1981, was conceived to rejuvenate information and culture within the Islamic Ummah. Its primary objectives include enlightening international public opinion about the noble causes of the Islamic Ummah, particularly the question of Palestine and Al Quds Al Sharif, and countering unjust campaigns against Islam and Muslims. The Standing Committee for Information and Cultural Affairs is tasked with monitoring the implementation of resolutions within its mandate, exploring avenues to enhance cooperation among Member States in information and communication, and formulating programs and proposals to bolster the capabilities of states in these domains.

As of December 1999, the committee, chaired by Senegalese President Abdou Diouf, convened on five occasions, showcasing the collective resolve and determination of Islamic States. The

sessions underscored the commitment to mobilize all available resources and energy to protect the unity of the Islamic Ummah and preserve its cultural distinctiveness.

#### **4. Standing Committee for Economic and Commercial Cooperation (COMCEC)**

##### **Establishment**

The establishment of this ministerial committee took place following the adoption of resolution 13/3-P (IS) by the 3rd Islamic Summit Conference held in Makkah al Mukarramah and Taif, Kingdom of Saudi Arabia, in January 1981.

##### **Function**

The committee diligently monitors the implementation of resolutions in the economic and trade sectors, explores avenues to enhance collaboration among Member States, and formulates programs and proposals to bolster capacities in these domains.

#### **5. Standing Committee for Scientific and Technological Cooperation (COMSTECH)**

##### **Establishment**

The establishment of this ministerial committee dates back to January 1981, following the adoption of resolution 13/3-P (IS) during the 3rd Islamic Summit Conference held in Makkah al Mukarramah and Taif in the Kingdom of Saudi Arabia.

##### **Function**

The Committee, established in January 1981 through resolution 13/3-P (IS) during the 3rd Islamic Summit Conference in Makkah al Mukarramah and Taif, Kingdom of Saudi Arabia, actively monitors resolutions related to science and technology. It further explores avenues to enhance cooperation among OIC Member States and formulates programs and proposals aimed at advancing their capabilities in these crucial areas.