



Mechanisms for Supporting Small and Medium Enterprises

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Mechanisms for Supporting Small and Medium Enterprises (SMEs)

(With Reference to Selected Models)

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About

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Abstract

Small and medium enterprises (SMEs) are primary drivers of economic growth and job creation. Support mechanisms include business incubators that provide a supportive environment for startups by offering workspace, consulting, and training, as well as soft loans with low or zero interest rates, and training and development programs to improve skills and project management. SMEs play a vital role in economic development by stimulating innovation, as they are more flexible and capable of innovation compared to large companies. The importance lies in forming SMEs and activating the workforce to achieve a productive society. This paper presents models from several countries that illustrate the nature of support for SMEs, including the United States, France, and Jordan, with reference to Iraq.

Introduction

Any global economy consists of various elements such as capital, management, production, distribution, consumption, saving, and investment. Labor and land are also essential elements of production.¹ The importance of these elements varies depending on the nature of the business activity, such as information technology companies or real estate development companies, and the factors that help the economy progress and grow toward the ideal state targeted by economic and political planners in each country.

The goal of any economic activity is crucial. Economics can be generally defined as a social science that studies how to employ economic resources to produce goods and services that serve the welfare of society. Therefore, economics is the science that examines how to utilize economic elements to achieve desired objectives.

There are drivers to stimulate the economy that become active when optimized and exploited; conversely, the economy loses its energy if not properly utilized. Among these essential drivers are SMEs, which require necessary support to ensure they serve as a driving force supporting the economy.

This study aims to highlight the necessity of supporting SMEs by providing a set of financial and legal incentives to encourage this sector. The importance stems from the differences among economic actors based on the adopted economic philosophies. In free economies, individuals, through the companies and institutions they establish, are the main drivers of the economy. In contrast, in socialist economies, state institutions are the controlling and organizing entities. These two philosophies often represent the most common types in the international reality, while there is also the Intermediate economy, which represents a meeting point between the philosophies of free and social-

ist economies. This description can apply to the Iraqi economy at this stage, and this type of economic philosophy may be permanent or temporary until the economic transformation is completed. There is also the green economy, which relies on producing goods in ways that reduce carbon emissions and prevent the elimination of biodiversity to confront climate change. This type of economy has received significant promotion in recent decades, especially with the tangible emergence of climate change results globally.

SMEs face obstacles highlighted by weaknesses and shortages in financing mechanisms, and the supply-demand relationship resulting from this financing gap. The problem cannot be confined to financing per se; rather, it should extend to projects that contribute to employment and create added value, such as agricultural and industrial projects.

The descriptive method has been adopted to study and describe the mechanisms of supporting SMEs, analyze them, and mention models from several countries to reach conclusions that serve the study's objectives.

First Axis: Conceptual Framework—Definition of Small and Medium Enterprises

Small projects are defined as any project managed by one or two individuals with limited capital not exceeding fifty million Iraqi dinars. Based on this, the term “small project” can be applied to any commercial work if it meets the following criteria: number of workers, size of invested capital, production capacity, and the geographical area it covers.² However, the international trend in determining whether a project is small or not relies on the number of workers in it. The project is considered small if the number of workers does not exceed 10–50 employees, as adopted by the United Nations Industrial Development Organization (UNIDO).³ In contrast, a project is classified as small or medium if it has up to 500 employees, as adopted in the United States and France. In Iraq, a project is considered small if the number of workers is less than 10 and its capital does not exceed 20 million Iraqi dinars, and is considered medium if it has between 10–29 employees.⁴

From the above, it can be said that the characteristic of the project, whether small or medium, varies from one country to another. Perhaps the reason for the difference is due to the adopted economic, social, and political philosophy, in addition to an important element—the size and strength of the economy, population, as well as the state's area and the elements available for production.

For more, see: Tareq Ismail, *The Business Environment of Small and Medium Enterprises in 2 Arab Countries: Current Situation and Challenges*, Arab Monetary Fund, Abu Dhabi - United Arab Emirates, 2017, pp. 5-33

<https://faculty.uobasrah.edu.iq/uploads/publications/1692086419.docx> 3

.Ibid 4



In Iraq, the study indicates that there is not a significant difference between small and medium projects if we rely on the criterion of the number of workers, as previously mentioned, or the difference will be relative compared to what is applied in other countries.⁵

Characteristics of Small Projects:

- **Management Structure:** Mostly managed by one person who oversees administrative, legal, and technical matters; often family-run.
- **Capital:** Small and limited capital used.
- **Administrative Structure:** Simple due to small size and production activity.

Second Axis: International Models for Supporting SMEs

This section discusses the experiences of some countries in supporting SMEs. The selection is based on spatial and economic grounds in terms of the size of the economy and the adopted economic philosophy.

First: Mechanisms for Supporting SMEs in the United States of America⁶

The United States of America is characterized by the numerous agencies that provide support to projects under study. However, these agencies' efforts are coordinated by the Small and Medium Enterprise Administration. This administration comprises several offices, including the Office of Counsel, the Office of Economic Research, the Office of Information, the Office of Interagency Affairs, the Office of Regional Affairs, and the Office of Management. The role of the administration is to represent the views of small and medium enterprise owners to Congress, the White House, federal agencies, federal courts, and decision-makers. It also conducts research and studies, issues annual reports detailing its activities and achievements, and audits accounts to ensure transparency in financing these projects.

According to statistics provided by this administration, there are 33.3 million companies in the United States, representing 99.9% of all businesses. This underscores the significance of these companies and projects, highlighting their role as a fundamental pillar of the American economy. They also play a crucial role in mobilizing the workforce in their local communities, employing approximately 45% of the total workforce. Statistics show that 13% of these companies are owned by the post-2000 generation, reflecting a growing culture and

Samir Zuhair Al-Sous, Some Successful International Experiences in the Field of Developing and Advancing Small and Medium Enterprises, Ministry of National Economy, Palestinian Authority, 2010, pp. 5-6

.Letter from the Commercial Attaché in Washington, No. 121, dated 3/18/2024 6

awareness among newer generations about the importance of these businesses and projects. One of the most prominent challenges facing these companies is the high cost of labor, with approximately 70% of project capital being spent on it. As a result, many businesses seek cheap labor or turn to technological alternatives to reduce operating expenses in this area.

Support Mechanisms:

1. Providing Suitable Infrastructure
2. Supporting Training Programs: In coordination with agencies and universities to create awareness of business economics.
3. Protecting Intellectual Property Rights
4. Providing Data and Statistics: Enabling companies to create perceptions and set plans according to the economic reality.

Second: Mechanisms for Supporting SMEs in France⁷

This section focuses on the operations of French companies, particularly small and medium enterprises (SMEs), as well as the governmental and private sector institutions that support these businesses. Below are the key characteristics and functions that define the current landscape of SMEs, micro-enterprises, and larger companies in France:

1. Small, medium, and micro-enterprises make up approximately 90% of all companies involved in French commercial and economic activity during the years 2023-2024. Most of these are very small companies, and over half of them have no employees. There are around 3 million such companies. Additionally, there are 128,000 small and medium-sized companies, with over 5,000 classified as medium-sized. In contrast, the number of large companies is around 274.
2. Small and medium-sized enterprises (SMEs) employ approximately 3.9 million people, representing 3.8% of all companies in France. These companies contribute 23% of the total added value to the GDP. Additionally, micro-enterprises managed by sole proprietors employ around 6.3 million people and generate 43% of the GDP's added value.
3. The sales revenue of very small companies accounts for about 14% of the total sales volume across all economic sectors in France. The average age of company founders is 35, with women making up 41% of sole proprietorships.



4. Most companies, establishments, and projects operate across various commercial and economic sectors, with the export sector being particularly significant. This sector has been classified into six strategic products and services aimed at meeting the needs of emerging and developing countries, which are given priority attention. France's strategy in this area is based on the following elements:
 - Identifying a list of target countries for export operations, along with key economic sectors and products to be prioritized for support. This allows French government institutions to concentrate their efforts on executing these plans and programs.
 - Providing products and services that improve urban living, including city planning, architecture, urban and regional development, construction, energy management, and city services. This also includes renewable energy technologies, waste treatment solutions, and energy-saving technologies such as insulation materials and specialized metals.

French agencies and institutions supporting small, medium, and micro-enterprises aim to achieve the following objectives:

- Increase French exports of various food and industrial products, particularly exports from small and medium-sized enterprises (SMEs), while enhancing France's ability to attract international investments in these industries.
- Support the expansion of start-ups beyond France by assisting successful domestic businesses in establishing branches abroad. This includes providing opportunities to enter international markets through a network of contacts with commercial partners in target markets, encouraging business flows and sustaining exports.
- Provide essential information to foreign investors in France to help them make informed decisions. These agencies also support investors throughout the entire duration of their enterprise projects by mobilizing advisors and networks of regional partners.
- Promote France's attractiveness—including its small and large enterprises, its regions, and its overall economic image—while activating influence networks on both economic and international levels.
- Specialized French institutions maintain an electronic platform on their official website, featuring several resources. Among the most important is the Export Academy, a window specifically dedicated to supporting companies, entrepreneurship, and innovation. The Export Academy was developed in cooperation with the French Chamber of Commerce and Industry, several consulting firms, and the French private sector.



French institutions offer several services and activities for small and medium-sized enterprises (SMEs), including:

1. Providing market information, advertising, and directories of customer names across different sectors. These services also involve organizing seminars, clarifying standards for commercial transactions, and supplying the necessary documents. Additionally, they offer information about contracts, projects, and international tenders, along with preparing economic studies, exploring new markets, and participating in exhibitions and promotional activities.
2. Organizing meetings between French companies and local executive bodies in target countries to promote and implement their projects. These institutions provide data and information to French companies via their website for a fee.
3. Offering a team of experts who respond to companies' inquiries within 48 hours, especially regarding legislation and standards. These institutions also collaborate with the General Administrations of Foreign Trade in all French regions to ensure the successful implementation of their assigned tasks.
4. Organizing international employment contracts to supply the necessary human resources according to the needs of French companies operating abroad.

The French government has introduced numerous reforms and support initiatives for SMEs to enhance their role in economic activity by reforming international support mechanisms to be more coherent, efficient, and transparent. The services provided by the French government to these companies include the following:

- **Providing advice to exporting companies:** This involves offering information about markets, identifying required products, and providing details about legislation and how to establish branches or participate in international tenders. The government tailors its services to the needs and capacities of each company, enabling them to succeed and expand their exports. It also facilitates communication between companies, helping them identify contacts and organize meetings with new customers and potential partners.
- **Promotion and advertising:** The government supports SMEs in promoting their products by offering integrated promotional services tailored to each company. This includes the use of newspaper publications, commercial promotions, and professional advertising, helping build market confidence.



- **Private company accompaniment program (incubation of private exporting companies):** Through this program, the government assists medium and small companies in accessing global markets. Products are promoted in collaboration with regional heads across France. The French International Chamber of Commerce and Industry also provides economic data and export analyses for each company, develops customized export plans, and explores target markets both locally and internationally.
- **Consolidating trade partnerships regionally and internationally:** The French government has worked to strengthen trade partnerships through bilateral and multilateral trade agreements. The French Chamber of Commerce and Industry abroad operates under French law and in coordination with the French ambassador, who organizes economic, commercial, and political activities in each country, collaborating with foreign trade and export stakeholders.
- **Transfer of expertise:** Commercial and economic advisors, both in France and abroad, share their expertise with companies, particularly SMEs looking to expand internationally. In the French regions, these advisors operate under the authority of the regional prefect in collaboration with local chambers of commerce and industry. Abroad, they are affiliated with French embassies and commercial attachés, working voluntarily to promote international trade.
- **Media promotion of successful export companies:** France organizes events and utilizes various media, including social media, to showcase SMEs that have achieved export success. To strengthen ties between the French diplomatic network and these companies, the French government dedicated a dialogue session during the annual French Ambassadors Conference to SMEs.
- **Financial support for export companies:** The French government established a dedicated export department within the General Administration of French Customs to provide advice to large, medium, and emerging companies. This department aims to streamline administrative procedures related to customs clearance and valuation, offering effective support to SMEs. A guide is also available on the General Customs Authority website, explaining how companies can access financial support and which institutions are responsible for providing it.

Third: Mechanisms for Supporting SMEs in Jordan⁸

The role of countries in supporting local industries is particularly highlighted by their efforts to aid small and medium enterprises (SMEs), which represent promising opportunities for economic growth. These enterprises contribute to job creation and help alleviate issues related to poverty and unemployment. Governments provide a conducive environment for the growth and development of these companies, encouraging investment in them. This includes granting exemptions from taxes and fees, establishing supportive regulations, and offering technical, financial, administrative, and marketing assistance. Additionally, governments protect SMEs from bankruptcy by allowing them to access interest-free loans when necessary.

In line with its economic priorities for 2021-2023, the Jordanian government established the Industry Support and Development Fund to support and develop the industrial sector. It allocated 30 million Jordanian dinars (approximately 42.372 million US dollars) annually in the general budget, totaling 90 million Jordanian dinars (around 127.118 million US dollars) over the three years from 2023 to 2025.

The Fund aims to alleviate the burden of production costs and other challenges faced by the Jordanian industry, thereby enhancing its competitiveness in new markets. It seeks to maximize the benefits to the Jordanian economy by providing local products with a competitive advantage both domestically and internationally. The Fund also aims to diversify national income sources, create job opportunities, reduce poverty and unemployment, increase exports and sales, and contribute to higher growth rates in the gross domestic product (GDP).

Therefore, the experience of the Hashemite Kingdom of Jordan in establishing the Export Support and Development Fund serves as a positive example for other countries in the region. It has effectively improved the performance of small and medium enterprises and emerging companies, particularly in the aftermath of the economic crisis caused by the COVID-19 pandemic, which adversely affected many SMEs.

Third Axis: Mechanisms for Supporting SMEs in Iraq

In this Axis, we will discuss the reality of small and medium enterprises (SMEs) in Iraq, including the mechanisms and efforts made to support them, as well as the obstacles they face in achieving their goals—both for the owners personally and for the Iraqi economy as a whole, as a catalyst for targeted economic revival.



SMEs serve as the cornerstone of any economy, providing an effective means to address economic issues such as unemployment and poverty, while raising the standard of living and overall culture. This, in turn, positively impacts security stability and contributes to reducing crime and societal inequalities.

With the significant shift in economic philosophy in Iraq towards a free market economy, it has become essential to find effective ways to support these enterprises, as they are fundamental to economic development. The Iraqi government has made serious efforts to support these projects financially by granting loans to the agricultural, industrial, and commercial sectors.

In the first three months of 2018, total agricultural loans amounted to approximately 16385 trillion Iraqi dinars, while loans for industrial projects reached 4334 trillion Iraqi dinars. Additionally, the total loans granted to commercial projects amounted to 20502 trillion Iraqi dinars, according to statistics from the Department of Operations and Public Debt Management.⁹

To establish a legal framework for supporting small projects, Law No. 10 of 2012 was enacted to promote small income-generating initiatives. This law outlines mechanisms for providing soft loans aimed at enhancing employability and employment under the decent work program, reducing unemployment, expanding the culture of self-employment and freelance work, and encouraging individual and private initiatives.

The law consists of 17 articles and stipulates the formation of a fund within the Ministry of Labor and Social Affairs, led by the Minister or their authorized representative. This fund receives the funds from the abolished Development Fund, as stated in Article 3, Second. The initial capital of the fund is set at 15 billion Iraqi dinars, subject to increase, and is financed from the public treasury. The management of this fund is governed by the provisions in Chapter Three. Articles 6 and 7 outline the following:

Article 6

The fund is managed by a board of directors consisting of seven members from the following entities:

1. Chairman: The Minister of Labor and Social Affairs.
2. Members: Representatives from the following ministries, each holding at least the rank of Director General:

- Ministry of Labor and Social Affairs.
- Ministry of Finance.
- Ministry of Planning.
- Ministry of Industry and Minerals (General Directorate of Industrial Development).
- Ministry of Commerce.
- Ministry of Agriculture.

3. The fund will be managed by a Director, who must hold at least a bachelor's degree, nominated by the Minister of Labor and Social Affairs from among the Ministry's employees.

4. The Board of Directors will elect a Vice-Chairman by secret ballot at its first meeting.

Article 7

The meetings of the Board and the decision-making process shall be regulated by an internal regulation issued by the Minister.

Article 8

The Board may seek assistance from experts and specialists in matters related to its work, with compensation determined by the Chairman of the Board for members and experts.

Article 9

The Board is responsible for the following tasks to achieve the objectives of this law:

1. Proposing lending and repayment policies in accordance with this law.
2. Approving loans and facilities based on established controls.
3. Developing small projects through:
 - Planning, coordinating, and promoting their spread.
 - Working to finance them.
 - Assisting in obtaining necessary services.



- Providing training for individuals involved in these projects.
- 4. Offering opinions and advice through studies and statistics to align employment with government economic policies.
- 5. Establishing criteria for projects covered by this law.
- 6. Coordinating financing activities and services with government development plans to enhance economic and social development.
- 7. Introducing small investors to available investment opportunities.
- 8. Supporting the role of social partners, such as employers' organizations, in providing support services and expertise to small projects.
- 9. Proposing draft regulations and instructions to facilitate the implementation of this law.
- 10. (A) Proposing the fund's draft budget and discussing final accounts and management reports.
(B) Reviewing the Financial Control Bureau's report and submitting recommendations to the Minister.

Article 10

The Council may delegate some of its duties to the Chairman of the Board of Directors or the Director of the Fund.

This law provides significant advantages to the projects it covers, including exemptions from fees related to their operations and tax exemptions on their income, as stipulated in Article 15, First and Second.

The Iraqi government, in collaboration with international organizations, is actively working to support small and medium-sized enterprises (SMEs) and address the challenges they face.¹⁰ For example, the ASSAVI organization has partnered with the Ministry of Planning to support SMEs through an ongoing initiative from 2020 to 2024. Additionally, the government is leveraging its financial and banking institutions to distribute loans to SMEs, with approximately 65,000 projects having received funding.

For more, see: Thaer Mahmoud Rashid and Enas Mohammed Rashid, Strategies for Supporting Small and Medium Industries in the Kingdom of Saudi Arabia with Reference to the Iraqi Experience, Anbar University Journal of Economic and Administrative Sciences, Issue (10), 2013, pp. 146-149



The Ministry of Trade plays a crucial role in this effort by having a Director General represented on the Board of Directors, which is responsible for overseeing the commercial aspects of the country.

To protect SMEs across all sectors, the government has implemented several measures, including the adoption of an agricultural calendar and the introduction of significant legislation, such as the Law on the Protection of Iraqi Products and Anti-Dumping (No. 11 of 2010). This law includes lists of materials prohibited from import to safeguard domestic products.

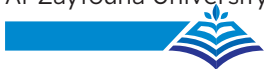
Moreover, Iraq has joined international organizations that support SMEs, notably the World Trade Organization (WTO). The Ministry of Trade has been instrumental in this process, with the Department of Foreign Economic Relations preparing accession files and monitoring the legislative implementation plan. The Ministry has also established a dedicated division for private sector activity within this department.

Despite facing limited resources, the Ministry's commercial attachés work to transfer international best practices and experiences regarding SME support. They coordinate training opportunities in this field whenever possible and provide detailed reports on the pricing of essential commodities and those targeted for export. Furthermore, the Ministry promotes locally produced Iraqi products that are ready for export.

In addition to these efforts, the Ministry supports SMEs through its Export Support Fund, which offers effective services to exporters and provides indirect technical support, as well as facilitating trade in accordance with applicable laws.

At the same time, other sectors, in addition to government institutions such as unions, chambers of commerce, and educational and cultural institutions, play an important role—whether directly or indirectly—in supporting small and medium enterprises, each according to its specialization. However, all the efforts mentioned above have not achieved their goals in the face of the enormity and significance of the challenges. Many weaknesses hinder these efforts from reaching their intended outcomes, including the following:¹¹

For more, see: Thaer Mahmoud Rashid and Enas Muhammad Rashid, previously cited 11 source, p. 147, and Adel Al-Kaseh Enbia and Zainab Abdul Salam, The Importance of Small and Medium Enterprises in Economic and Social Development with Reference to the Experiences of Some Countries, *Journal of Economic and Strategic Research - Ajilat*, Issue (2), 2020, Al-Zaytouna University, pp. 8-9 and <https://investdiw.gov.iq/viewnews.php?id=181>



1. **Weakness of Basic Infrastructure:** The fundamental infrastructure of the state, on which all economic sectors and projects depend greatly, is lacking. This includes insufficient transportation methods in terms of quantity, type, and quality, as well as the availability of electricity and water. Additionally, the high prices of fuel and energy materials are problematic, especially given that Iraq is an oil country. This situation requires urgent intervention by the state to resolve these long-standing issues.
2. **Lack of Sufficient and Updated Professional Studies:** There is an absence of adequate and current professional studies on the size and type of existing projects, leading to an inability to provide the necessary raw materials and machinery. Furthermore, there is a lack of a well-studied mechanism for importing raw materials. Accordingly, a body should be established, named the Department of Support and Development of Small and Medium Enterprises, linked to the Council of Ministers. This department should aim to study the types of targeted projects according to their comparative advantage and determine appropriate support methods for each type while supervising implementation and assessing achievement percentages.
3. **Inadequate Legal Protection for Local Products:** There is insufficient legal protection for local Iraqi products. This necessitates the activation of the Product Protection Law and the formation of permanent specialized committees to monitor and update the economic reality in accordance with current developments.¹²
4. **Inadequate Role of the State in Grants and Tax and Customs Exemptions:** The state's role in providing grants and tax and customs exemptions for small and medium enterprises is inadequate. This role must be activated to the fullest extent.
5. **Weak Culture of Private Investment:** There is a weak culture of private investment and management methods, necessitating an increase in community awareness regarding the importance and effectiveness of these projects. Support should be provided for those wishing to develop their capabilities technically, scientifically, and practically to establish successful projects.
6. **Learning from the Experiences of Other Countries:** There is a lack of benefit from the experiences of other countries in this field. This leads to the consumption of significant time, effort, and unnecessary funds. By taking into account the experiences of countries with economic and social realities similar to Iraq's, these inefficiencies can be mitigated.

(Iraqi Products Protection Law No. (11) of 2010 (amended 12



7. **Bureaucracy and Routine:** The abundance of bureaucracy leads to reluctance among many who wish to obtain the necessary assistance to open small or medium projects.
8. **Awareness Campaigns:** There is a need to intensify awareness campaigns of all types to prepare a generation that understands the importance of these projects and how to engage in them. This is essential to support the state's direction towards building a robust economy and reducing the number of government employees.

Conclusion

From the above, the great importance of supporting, developing, and advancing small and medium enterprises is clear. These enterprises represent a cornerstone in the economic structure of the state within the economic philosophy of a free economy, serving as a social and cultural growth engine for peoples. Their adoption and spread ensure the achievement of social security, as well as economic, cultural, and intellectual prosperity.

Local industry plays a pivotal role in achieving sustainable development. The ninth goal of the United Nations Sustainable Development Agenda emphasizes the importance of comprehensive and sustainable industrialization in all countries and the need to enhance the role and share of industry in employment and gross domestic product (GDP). Additionally, it highlights the significance of modernizing the industrial sector cognitively and technologically. The industrial sector holds increasing importance in the national economy of each country and drives development, especially in developing nations. Its significance can be outlined as follows:

Addressing Unemployment: The growth of the local industrial sector contributes to alleviating unemployment problems, as it helps provide job opportunities. Notably, most developing countries suffer from high unemployment rates.

Diversifying Production and Income: The development of the local industrial sector contributes to diversifying sources of production, income, and exports in developing countries. As a result, the industrial sector's contribution to GDP and exports increases, while dependence on exporting raw materials, such as crude oil, decreases. Relying solely on raw material exports exposes developing countries to economic fluctuations due to variations in external demand. Additionally, the industrial sector raises productivity levels, being one of the sectors most capable of applying modern technology. This, in turn, enhances the economic growth rate of the national economy, as the industrial sector's growth stimulates growth in other sectors. Moreover, it helps provide foreign exchange resources and addresses balance of payments deficits in developing countries through the manufacture of goods that replace imports or are exported abroad.



Promoting the national industrial sector represents a strategic approach for all countries seeking to achieve sustainable economic growth, making it a critical priority in their economic plans. Therefore, it is essential to develop an integrated systematic plan and implement initiatives that will advance and modernize this sector, expand the establishment of industrial complexes, provide necessary production requirements, and offer facilities and support to encourage investment in this interconnected sector. Furthermore, raising competitiveness in both domestic and global markets is crucial.¹³

The small and medium enterprises sector serves as an ideal model for achieving economic growth and increasing employment opportunities. These projects contribute significantly to securing necessary goods and services in most economies, playing a prominent role in economic development through their contributions to GDP and the creation of various job and investment opportunities. Thus, it is vital to provide appropriate financial support to enhance their role.

Financial support for small and medium enterprises goes beyond mere grants and initiatives. It includes providing financial facilities, establishing banks specialized in supporting small projects, and organizing dedicated programs that offer consulting and financing expertise.

The diversity of economic activities practiced by small and medium enterprises has made the issue of supporting these projects increasingly important to scholars and specialists. Therefore, it is necessary to develop a multifaceted approach aimed at creating the appropriate environment for effectively supporting these enterprises.

Recommendations

The most important recommendations put forth by this paper are as follows:

Small and medium enterprises (SMEs) contribute significantly to economic development in most developed countries. Their potential should be harnessed as a source of employment, income generation, and poverty reduction, while also enhancing economic growth rates through contributions to GDP and the creation of new opportunities. This transition should focus on fostering an economy that relies on innovation and creativity.

<https://www.sis.gov.eg/Story/216413/%D8%A7%D9%84%D8%AF%D9%88%13%D9%84%D8%A9-%D8%AA%D8%AA%D9%88%D8%B3%D8%B9-%D9%81%D9%8A-%D8%AF%D8%B9%D9%85-%D8%A7%D9%84%D8%B5%D9%86%D8%A7%D8%B9%D8%A9-%D8%A7%D9%84%D9%88%D8%B7%D9%86%D9%8A%D8%A9-%D9%84%D8%AA%D9%82%D9%88%D8%AF-%D9%82%D8%A7%D8%B7%D8%B1%D8%A9-%D8%A7%D9%84%D8%AA%D9%86%D9%85%D9%8A%D8%A9-%D8%A7%D9%84%D8%A7%D9%82%D8%AA%D8%B5%D8%A7%D8%AF%D9%8A%D8%A9-%D8%A7%D9%84%D9%85%D8%B3%D8%AA%D8%AF%D8%A7%D9%85%D8%A9?lang=ar>



Development plans and programs must include support measures for the establishment of small and medium enterprises and start-ups, particularly in impoverished and fragile governorates and districts affected by wars and displacement. This is crucial, given the high rates of unemployment and low income among youth in these areas. It is proposed that owners of these projects be exempted from taxes for a period of five years. Additionally, they should receive assistance with paying electricity and water bills, municipal collections, and access to loans with favorable interest rates and minimal burdens when borrowing from government and private banks.

In addition to the above, the following actions should be considered:

1. **Establishing a Dedicated Financing Department:** Create a small and medium enterprise financing department within commercial banks, or activate existing departments, to perform tasks that serve beneficiaries of the bank's support and financing programs. This will help meet the needs of customers in establishing their projects, especially since many lack access to necessary resources.
2. **Providing Financing Support:** Ensure relevant authorities and institutions provide adequate financing for small and medium enterprises.
3. **Assisting Emerging Projects:** Support relevant authorities in helping emerging projects make informed decisions to develop their areas of work and identify their various financing and administrative needs.
4. **Strengthening Business Owner Capabilities:** Enhance the role of emerging business owners by developing their skills and capabilities in managing small and medium enterprises.
5. **Increasing Access to Growth Opportunities:** Facilitate greater access to growth opportunities through financing, e-commerce, and electronic payment options.
6. **Enabling Private Sector Growth:** Improve the regulatory environment to foster private sector growth, enhance the capacity of public sector institutions to optimally support projects, and activate communication channels between the government and the Iraqi private sector.





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