

MSE in Argentina

(a) Definition of MSE

There are many different definitions used by research centers and public organizations. But the official definition of an SME economic unit in Argentina is given by the Sub secretary of Small- and Medium-Sized Businesses and Regional Development (SESME). Under Resolution No. 675/2002 and Resolution No. 14712006, the following classification was given by size and economic sector where the variable is invoicing as detailed below:

In current US\$

Sector size	Farming	Industry & Mining	Commerce	Services	Construction
Micro	1,52,000	4,16,667	6,16,667	1,55,833	1,60,000
Small	10,13,333	25,00,000	37,00,000	11,22,000	10,00,000

Source: Calculated in-house based on SESME Resolution No. 675/02 and 147/06

Total annual sales, not including aggregated or internal taxes, were taken into account to determine each business's categorization using the following formulas:

- A three-year average was calculated from the final inclusive balance or other adequately documented accounting data .
- In the case of the businesses less than three years old, the proportional average of the verified annual sales was used.

(b) Support, if any, regarding

Credit:

Access to credit is crucial for the expansion of market economics, and it is a determining factor in the evolution of SMEs. Wide-ranging analysis” shows that these businesses have problems obtaining credit due to adverse financial conditions: high interest rates, inconvenient payment plans and guarantees that need to be given. To address this, there are many public and private tools focused on opening up access to bank financing for SMEs. A few of them are listed below:

- **SESME's Subsidized Rate Credit:** To facilitate access to credit for SMEs, the government created this system to take responsibility for part of the financing cost or loans that banks give to Argentinean SMEs.
- **SESME's Productive Activity financing:** The National Development Fund for SMEs is geared towards giving capital contributions and providing medium and long-term financing. This is aimed at existing or newly created micro, small and medium-sized businesses and their associations.
- **SESME's Reciprocal Guarantee Societies:** Its objective is to facilitate access to credit through providing guarantees for any liabilities taken on by micro, small or medium sized businesses.
- **FOGABA (Province of Buenos Aires):** This institution supports and promotes economic activity in the Province of Buenos Aires, through providing guarantees that allow SMEs to access credit in their territory.

Technology :

The conditions of the infrastructure and services supporting production are also important elements in the development of SME activities. In relation to this, there are diverse incentives that cover the following areas:

- **Incentives for innovation and technology** stimulate and facilitate the development of new processes and programs among SMEs. They design or offer research services, subsidies for development and modernization technology and offer support to protect intellectual property, among other activities (FONTAR, for example).
- **Technical assistance programs** are aimed at helping SMEs access a broad range for information and consulting services to improve their competitiveness for example, SESME directs the Support Program for Entrepreneurial Restructuring (Spanish acronym: PRE), whose goal is to strengthen the competitiveness of SMEs through access to technical assistance and to improve the supply of the aforementioned services (including diverse development services for organizational and information systems, human resources, production infrastructure, products, quality control, etc). Another program is the SME Experience Program of the Ministry of Government Production in the province of Buenos Aires, which links entrepreneurs to SMEs looking to expand or professionalize.
- **Development of the cooperation of business clusters** or value chains are intended to create collective competitiveness. Examples include forums to discuss problems in business sectors subsidies to facilitate association among business clusters or value chains and also private-public alliances to improve the business environment.

Skill Development:

- Professional and management training programs encourage a greater investment in training and education of employees, managers and business owners with the aim to increase competitiveness. For example, subsidies have been created to reduce the costs of training courses.
- Development of Enterprising Businesses arc programs created by the Secretary or Social Development, with the aim of supporting enterprising people from the first moment they develop their businesses.

Marketing:

- Incentives for SMEs to sell to external markets are actions carried out by the Export-Ar Foundation and the SESME PROARGENTINA Program where policies that tend to improve, diversify and increase exports in the Argentinean SME sector are encouraged. These incentives are geared towards optimizing the supply of *exports* and supporting production chains with the goal of increasing competitiveness and insertion on an international scale They uses informational programs about international markets, including products, regulations, country business cultures, international buyer forums, international fairs, sector promotion trips, specific trainings and Argentina weeks in various countries.