

ASEAN STRATEGIC ACTION PLAN FOR SME DEVELOPMENT 2016-2025



one vision
one identity
one community



ASEAN
Strategic Action Plan for SME Development
2016-2025

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States of the Association are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. The ASEAN Secretariat is based in Jakarta, Indonesia.

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1.1. Background

ASEAN is now at the final phase of the implementation of the ASEAN Economic Community (AEC) Blueprint. Under the third pillar “Equitable Economic Development”, the development of small and medium enterprises (SMEs) is highlighted where the progress of SMEs is key towards narrowing the development gap.

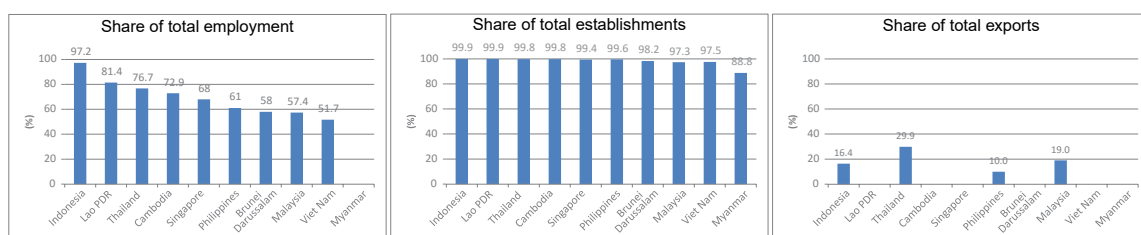


The establishment of the AEC, expected by the end of 2015, involves initiatives for regional economic integration. Work to deepen both internal and external integration will continue to evolve beyond 2015. It is anticipated that the enhanced movement of goods, services, investment, capital and skilled labour will attract investment and enhance economic activities in ASEAN. While this will open up new opportunities, at the same time, such benefits of integration must also be fully recognized by SMEs in the ASEAN region.

1.1.1. Micro, Small, and Medium Enterprises (MSMEs) in ASEAN

As part of the drive towards equitable economic development, Micro, Small and Medium Enterprises (MSMEs) are of key importance due to the sector's economic dominance in terms of its share of total establishments (between 88.8% and 99.9%) and its share of total employment (between 51.7% and 97.2%). In contrast to this, its share of total exports remains small (between 10.0% and 29.9%) (Figure 1-1). ‘Micro’ enterprises constitute a substantial number of enterprises in the ASEAN Member States (AMS). However, definitions of micro, small and medium enterprises (MSMEs) vary among AMS. Furthermore, the data availability is limited and is fully available only in a few countries. (These figures are based on data collected under the ASEAN SME Policy Index (2014) study, conducted by ERIA, OECD and the ASEAN SME Agencies Working Group (SMEWG)).

Figure 1-1 Statistics of MSMEs



Source: ASEAN SME Policy Index (2014): The original data is collected from latest country reports where available.

Figure 1-1 above includes micro enterprises. Due to their significant role in the ASEAN economies, the post-2015 plan will incorporate initiatives related to micro enterprises.

(See Appendix A. Definitions of MSMEs in ASEAN Member States)

1.1.2. Time-Bound Priority of Actions and Pathways

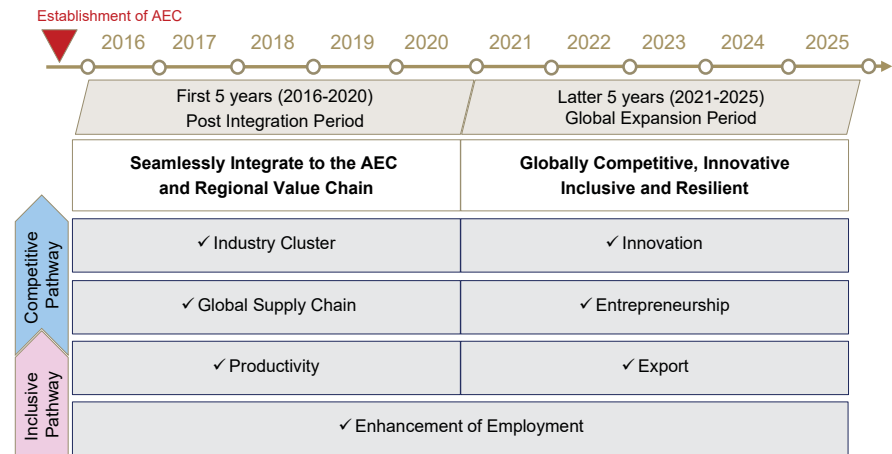
The establishment of the AEC is expected to bring benefits to the MSMEs. ASEAN's integration and its openness to the global economy through its free trade agreements (FTAs) will attract investment from multinational corporations (MNCs) or ASEAN's own indigenous, large-scale enterprises, which provide MSMEs with opportunities including those wrought through value-chain integration. On the other hand, this competitive environment requires local MSMEs to enhance their productivity in order to integrate with the regional/global value chains. MSMEs will need to proactively explore opportunities and be able to take advantage of such opportunities. To cope with this competitive environment, ASEAN MSMEs need to take measures based on the time-bound priority of actions under the Plan:

- First five years: **To seamlessly integrate with the AEC and the regional value chains;**
- Subsequent five years: **To become globally competitive, innovative, inclusive and resilient**

At the 26th ASEAN Summit in April 2015 in Kuala Lumpur and Langkawi, Malaysia, the importance of strengthening micro enterprises in enhancing MSMEs' competitiveness and resilience was highlighted. The diversity in the definitions and characterisations of MSMEs means that the issues and challenges they face are varied, and one-size-fits-all policy measures cannot be applied. As such, action lines under each of the actions will be implemented through two pathways¹, ensuring that global competitiveness and social inclusion can be realised at the same time:

- **Competitive Pathway:** Initiatives to enhance the global competitiveness of relatively advanced AMS (i.e. developed AMS, secondary industries, urban areas, medium-size enterprises, etc.) in terms of diversification and innovation (Figure 1-2);

Figure 1-2 Time-Bound Priority of Actions and Pathways



1 These two pathways come from the "Jakarta Framework" developed by ERIA in 2011.

- **Inclusive Pathway:** Initiatives to facilitate the transition from the traditional economy (i.e. developing AMS, primary industries, peripheral regions, micro-to-small enterprises, etc.) through industrialisation to raise incomes.

1.1.3. Key Activities of the ASEAN SME Working Group

The Post-2015 SAP SMED has been developed in consultations with AMS SME policymakers, private sector organisations, academia, dialogue partners and multilateral organisations, with funding support from the AEM-METI Economic and Industrial Cooperation Committee (AMEICC). The following meetings were held::

- Policy Workshop on 12 September 2014 in Jakarta, Indonesia;
- Public-Private Dialogue on 24 November 2015 in Siem Reap, Cambodia, at the side-lines of the 35th ASEAN SMEWG Meeting; and
- Finalisation Meeting on 18 May 2015 in Bangkok, Thailand, at the side-lines of the 36th ASEAN SMEWG Meeting.

The Post-2015 SAP SMED was completed at the end of June 2015 and presented to the Senior Economic Officials Meeting (SEOM) 3/46 in July 2015. The final version was endorsed by the 47th Meeting of the ASEAN Economic Ministers in August 2015. The Post-2015 SAP SMED will be launched at the 27th ASEAN Summit in November 2015 and its implementation will begin from 1 January 2016.

1.2. Objectives of the Action Plan

Given the diversity of ASEAN MSMEs across the region, and the complexity of issues and challenges they will face, it is critical that the MSMEs policies are strategically relevant, taking into account the time-bound priority of actions.

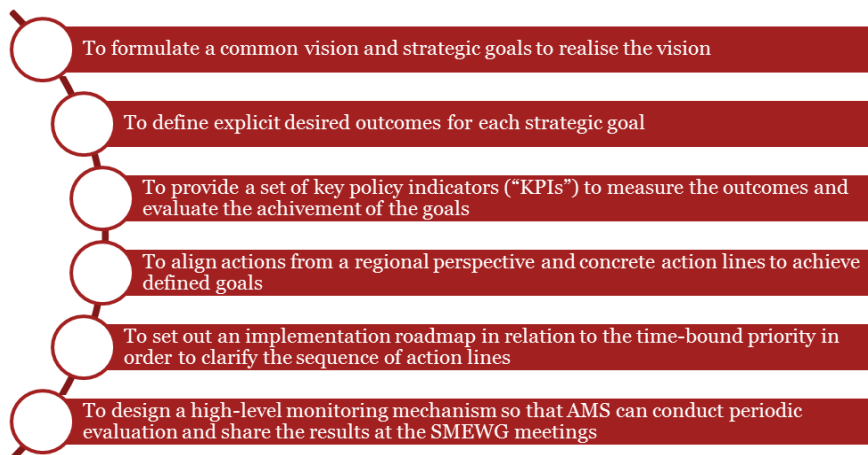
It is also important to design a plan where actions are selected in order to address not only the current issues but also future challenges that ASEAN SMEs and micro-enterprises would face in the next decade.

For this purpose:

- Action lines under each strategic goal are aligned as part of the implementation roadmap with a view to resolving the current issues (issue-based) and achieving the strategic goals (value-driven) which are to be tracked through key policy indicators (KPIs).
- The action lines should be diverse and well-balanced, and provide opportunities for public-private partnerships in the project design.
- The monitoring and evaluation mechanism is a critical element for the successful implementation of the action lines. For the periodic evaluation of progress towards the strategic goals, the applicable KPIs and other performance indicators should be pre-determined and clearly developed. For

this purpose, a base-line survey should be undertaken to provide comparable data for future years.

For these purposes, and to ensure that co-operative actions generate optimum value over a ten-year period from 2016 to 2025, the post-2015 SAP SMED will serve as a practical implementation guide for the AMS in the following areas:



1.3. Structure of the Post-2015 SAP SMED

The Post-2015 SAP SMED is structured into two parts, namely the Action Plan and the Implementation Roadmap (Figure 1-3).

Figure 1-3: Structure of the SME SAP



The Action Plan sets out the common vision of the member countries, and the mission statement, strategic goals and related desired outcomes and actions through which ASEAN realizes the vision.

The Implementation Roadmap aligns concrete action lines in timelines. It sets the basis for the monitoring mechanisms for who, when, and how to manage the progress of the action lines on an on-going basis.

KPIs provide policy indicators to evaluate the achievement of the strategic goals.

2.1. Vision and Mission Statement

The vision of the Action Plan embodies a common aspiration that ASEAN wants to realise in the next decade (Figure 2-1).

The mission statement as endorsed by the ASEAN SMEWG is to express their commitment to promoting MSMEs in the region individually and collectively to realise the vision of globally competitive and innovative MSMEs.

These are as follows:



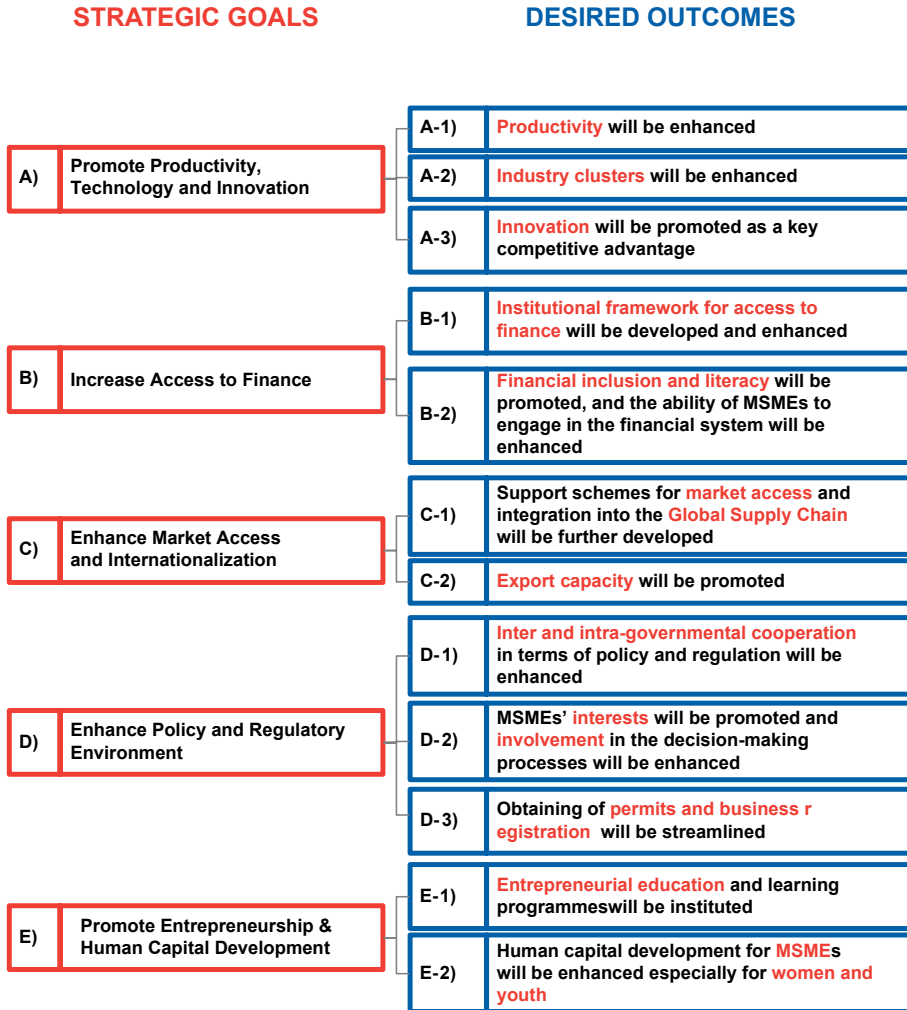
Figure 2-1: Vision and Mission Statement



2.2. Strategic Goals and Desired Outcomes

The desired outcomes stipulated by the ASEAN SMEWG are as follows, based on the importance of achieving the strategic goals (Figure 2-2).

Figure 2-2: Strategic Goals and Desired Outcomes



2.3. KPIs

A set of 10 KPIs has been selected for the Post-2015 SAP SMED as a policy tool to evaluate the achievement of the strategic goals (Figure 2-3).

The results of these KPIs will provide AMS with useful information on the effectiveness of the plan and for the future decision-making.

Figure 2-3: Set of KPIs

	Strategic Goal	KPID	ata Source	Availability
A	Promote Productivity, Technology and Innovation	National labor productivity (GDP divided by number of labor)	ADB Data	10 AMSs
		R&D expenditure (% of GDP)	WB Data	10 AMSs
B	Increase Access to Finance	Percentage of business loans to SMEs	National Data	6 AMSs * 1
C	Enhance Market Access and Internationalization	Percentage share of SMEs' contribution to national exports	National Data	4 AMSs * 2
		Percentage of SMEs with investment overseas	National Data-	* 3
D	Enhance Policy and Regulatory Environment	Time and cost required to start a business (days)	WB Data	10 AMSs
		Cost of business start-up procedures (% of GNI per capita)	WB Data	10 AMSs
E	Promote Entrepreneurship & Human Capital Development	Contribution of SMEs to employment	National Data	8 AMSs * 4
		Labor force participation rate, female (% of female population ages 15+)	WB Data	10 AMSs
		Labor force participation rate for ages 15-24 (youth), total (%)	WB Data1	0 AMSs

Data for the above KPIs are basically available in all the 10 AMSs from national sources, and multilateral organisations (e.g. Asian Development Bank, World Bank, etc.) except for the following:

- * 1: 'Percentage of business loans to SMEs'
Data is available for 6 AMS (Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Vietnam).
- * 2: 'Percentage share of SMEs' contribution to total national exports
Data is available for 4 AMS (Indonesia, Malaysia, Myanmar and Thailand).
- * 3: 'Percentage of SMEs with investment overseas'
Data availability to be confirmed under a separate survey.
- * 4: 'Contribution of SMEs to employment' (% of workforce employed by SMEs to total national workforce)
Data is available for 8 AMS (Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam).

A base-line survey at the beginning of the Plan will be undertaken to provide comparable data.

2.4. Actions for Strategic Goals

A) Promote Productivity, Technology and Innovation

Improvements to productivity and technology are considered to be the key drivers to integrate with the production networks of multinational corporations (MNCs) in the region. In addition, MSMEs are considered to perform better when they are allied with other MSMEs or with large enterprises including MNCs. From this perspective, industry clusters would help MSMEs enhance productivity and foster innovation.

Desired outcomes		Actions	
A-1)	Productivity will be enhanced	A-1-1)	Develop enhanced understanding of relevant productivity measures
		A-1-2)	Promote capital investment
		A-1-3)	Improve production management skills
A-2)	Industry clusters will be enhanced	A-2-1)	Enhance industrial linkages among SMEs and between SMEs and large enterprises including MNCs
		A-2-2)	Promote technology and build capabilities to foster industry clustering
A-3)	Innovation will be promoted as a key competitive advantage	A-3-1)	Promote key technology usage and its application to business for innovation
		A-3-2)	Enhance information on innovation support services
		A-3-3)	Enhance business-academia collaboration

B) Increase Access to Finance

Access to financing from traditional financial institutions is limited due to the lack of credit information. There is a strong need to enhance MSMEs' financial literacy to make them more aware of financial resources and support programmes available to them. MSMEs need to be encouraged to utilise diversified sources of financing.

Desired outcomes		Actions	
B-1)	Institutional framework for access to finance will be developed and enhanced	B-1-1)	Improve understanding and strengthen traditional financing infrastructure
		B-1-2)	Improve policy environment and measures to foster alternative and non-traditional financing through increasing availability of diversified sources of private financing
		B-1-3)	Strengthen export financing facilities

Desired outcomes		Actions	
B-2)	Financial inclusion and literacy will be promoted, and the ability of MSMEs to engage in the financial system will be enhanced	B-2-1)	Enhance outreach to promote financial inclusion to increase access to both traditional and alternative financing

C) Enhance Market Access and Internationalisation

ASEAN enterprises have limited information on how to access markets, and are not well aware of the issues related to international requirements. Lack of technical knowledge prevents these enterprises from participating in the global value chains, and thus SMEs' contribution to exports remains small. Providing information platforms and capacity building programmes can therefore play an important role in enhancing their market access, both from the regional and international perspectives.

Desired outcomes		Actions	
C-1)	Support schemes for market access and integration into the global supply chain will be further developed	C-1-1)	Increase information on regional and global market access and opportunities
		C-1-2)	Promote partnership with MNCs/large enterprises to increase market access and opportunities
		C-1-3)	Enhance the use of e-commerce
		C-1-4)	Promote adoption of international standards of quality to facilitate market access
C-2)	Export capacity will be promoted	C-2-1)	Establish mechanisms to assist in increasing exports

D) Enhance Policy and Regulatory Environment

Inter- and intra-governmental cooperation and orchestration of MSMEs development is important for the regional integration. MSMEs policies and regulations that are aligned and applied in AMS would promote synergies at the regional level. MSMEs are not effectively involved in the institutional framework's decision-making process. Collaborative actions should be encouraged. From an administrative perspective, less costly and faster registration processes would facilitate and increase start-ups.

Desired outcomes		Actions	
D-1)	Inter and intra-governmental cooperation in terms of policy and regulation will be enhanced	D-1-1)	Strengthen the coordination mechanism between public agencies responsible for MSMEs
		D-1-2)	Develop strategies to align national MSMEs development strategies with the regional strategies
D-2)	MSMEs' interests will be promoted and involvement in the decision-making processes will be enhanced	D-2-1)	Advocate and promote MSMEs participation in policy formulation
D-3)	Obtaining of permits and business registration will be streamlined	D-3-1)	Establish a sound system and streamline permit and registration to enable less costly and faster business formation

E) Promote Entrepreneurship and Human Capital Development

In a changing environment where global competition is becoming more intense, human capital development is one of the driving forces for MSMEs to succeed. This is especially in respect of business skills and entrepreneurship which the success of determining factors for women and youth to enter the labour market.

Desired outcomes		Actions	
E-1)	Entrepreneurial education and learning programmes will be instituted	E-1-1)	Promote entrepreneurship education
E-2)	Human capital development for MSMEs will be enhanced especially for women and youth	E-2-1)	Enhance management and/or technical skills of women and youth entering into the workforce
		E-2-2)	Provide a platform to promote and facilitate women's participation in MSMEs

3.1. Implementation of Action Lines

Once the actions have been formulated for the strategic goals, it is important to determine which action lines should be implemented when, by whom and how under the Implementation Roadmap.

The Implementation Roadmap serves as a suggested regional model which the AMS can further elaborate and fine-tune with concrete action lines according to their specific needs and circumstances.

It is critical to have clarity on the future value to be generated and to identify the sequence of actions that would be most appropriate to resolve the issues faced by the ASEAN MSMEs, and what needs to be done in order to achieve the targets set out by KPIs.

Changing economic environment such as regional integration, industry structure changes, global supply chains are also taken into account in order to determine the priority actions in light of the post-2015 economic outlook for ASEAN.

From the perspective of the current issues and future values, actions lines are formulated in consideration of following essences;

- ✓ Be relevant to the time-bound priority of actions
- ✓ Follow the Competitive Pathway or the Inclusive Pathway
- ✓ Be aware of the availability of funding and technical support from other sectoral bodies, dialogue partners, multilateral organizations, etc.
- ✓ Encourage public-private partnership
- ✓ Consider types of measures*

*Types of measures

- 1) Financial Scheme
- 2) Human Capital
- 3) Regional-level Harmonization
- 4) Knowledge Sharing/Networking
- 5) Information and Technology
- 6) Laws and Regulations
- 7) Infrastructure

(See *Appendix B. List of Action Lines for each Action under the Strategic Goals and Appendix C. Cross-cutting Action Lines*)



Along with the time-bound priority of actions in the first five years (Post Integration Period) and beyond (Global Expansion Period), each individual action line should be plotted in a timeline considering various factors such as:

- ✓ Project Proponents² (Country Champions/dialogue partners/donors)
- ✓ Order and sequence of action lines
- ✓ Required time (short-term ('quick-wins'), medium-term, long-term)
- ✓ Required technical skills
- ✓ Required financial support
- ✓ Types of measures (i.e. Knowledge Sharing, Human Capital, etc.).

At the 35th SMEWG Meeting in Siem Reap, Cambodia in November 2014, the Meeting welcomed expressions of interest from the SMEWG members to serve as the 'Country Champions' for each strategic goal (Table 3-1).

Table 3-1: List of Country Champions

Strategic Goal	Country Champion
Promote Productivity, Technology and Innovation	Thailand, Viet Nam
Increase Access to Finance	Malaysia, Lao PDR
Enhance Market Access and Internationalization	Singapore, Thailand
Enhance Policy and Regulatory Environment	Cambodia, Indonesia
Promote Entrepreneurship and Human Capital Development	Brunei Darussalam, the Philippines, Myanmar

The Country Champions shall take a leading role in initiating and/or coordinating the implementation of action lines based on the agreed timelines, in consultations and subject to the agreement of the SMEWG. Task Forces for certain action lines may be set up to ensure timely and targeted deliverables.

The ASEAN Secretariat will render assistance in liaising with dialogue partners and donors in mobilising resources, technical assistance and funds required to support Country Champions and the Project Proponent(s) in implementing the respective actions.

² Project Proponent is a country or an organization who takes a leading role of implementing an action line.

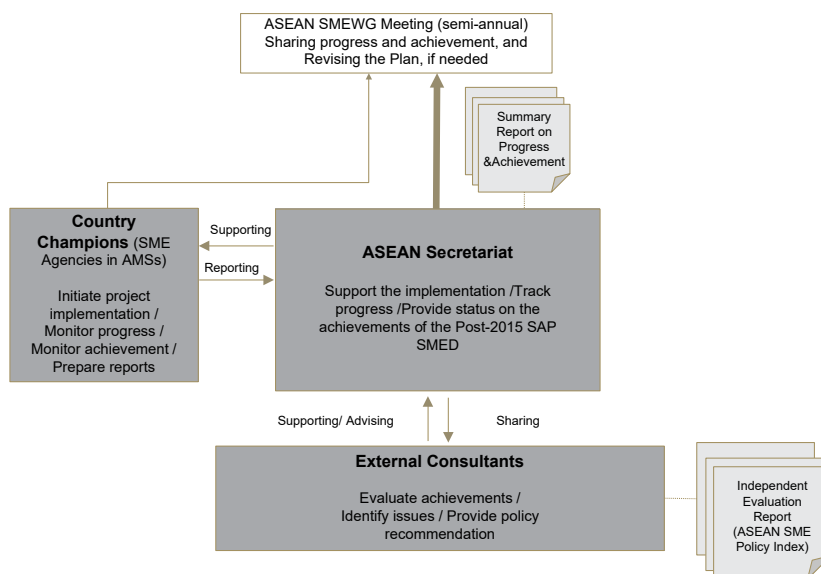
3.2. Monitoring and Evaluation

Over the course of 10 years, it is critical to conduct a periodic monitoring and evaluation (Figure 3-1). There are two types of monitoring mechanisms that should be aligned in the Post-2015 SAP SMED:

- **Progress Monitoring:** Monitoring of action lines against target timeline, budget cost, personnel resources, quality of outputs, and other indicators to ensure the action lines remain on track to deliver expected outputs and to avoid potential failure such as delay of schedule, cost overrun, poor decision-making, and the like.
- **Achievement Monitoring:** Monitoring of the extent of the achievement of the strategic goals to be measured by KPIs in comparison to the base-line data*.

(Note) It is suggested to conduct a base-line survey in the first year (2016) to have better comparable data for future evaluation of the achievement of the strategic goals, especially for KPIs whose data is not readily available from AMS or multilateral organisations.*

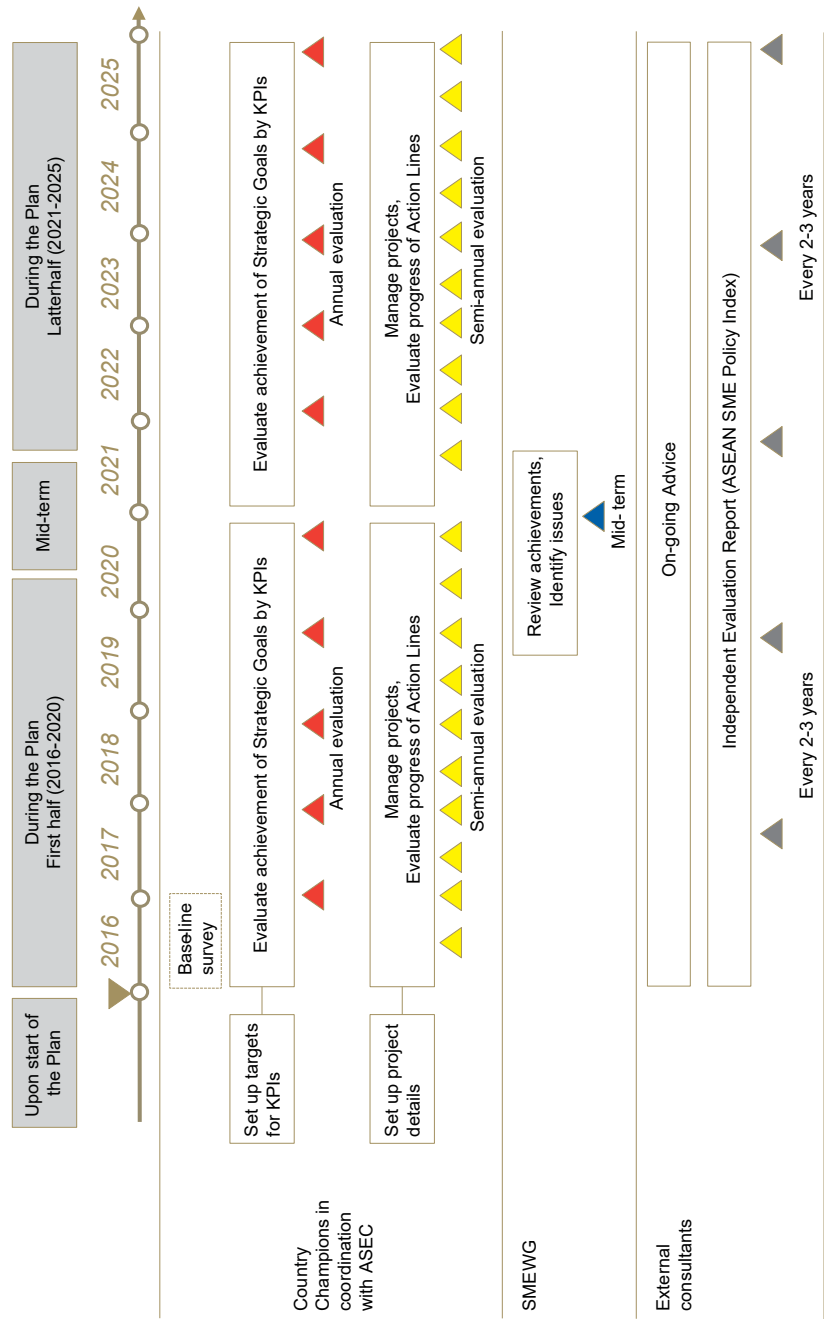
Figure 3-1: Monitoring and Evaluation Scheme



As for the progress monitoring, the Country Champions shall work with members of the SMEWG, the ASEAN Secretariat and/or other organisations who act as Project Proponent(s) to coordinate the monitoring of the progress of the action lines (Figure 3-2).

Prior to the end of the first half of the Plan, SMEWG shall review the mid-term achievement, including the KPI achievements, identify issues including possible plan amendments and update a roadmap for the latter half of the Plan (2021-2025).

Figure 3-2: Monitoring and Evaluation Cycle



Appendix A.

Definitions of MSMEs in ASEAN Member States

	Brunei Darussalam	Cambodia	Indonesia	Lao PDR	Malaysia		Philippines	Singapore
					Manufacturing	Services and Others		
Micro enterprises								
No. of workers (up to)	< 4	< 10	n/a	n/a	< 5	< 5	n/a	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 50	Asset (IDR) < 50 million Sales (IDR) < 300 million	n/a	Sales (RM) < 300,000	Sales (RM) < 300,000	Asset (PHP) < 3 million	n/a
Small enterprises								
No. of workers (up to)	< 19	< 50	n/a	< 19	< 75	< 30	n/a	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 250,000	Asset (IDR) < 500 million Sales (IDR) < 2,500 million	Asset (LAK) < 250 million Sales (LAK) < 400 million	Sales (RM) < 15 million	Sales (RM) < 3 million	Asset (PHP) < 15 million	n/a
Medium enterprises								
No. of workers (up to)	< 99	< 100	n/a	< 99	< 200	< 75	n/a	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 500,000	Asset (IDR) < 10,000 million Sales (IDR) < 50,000 million	Asset (LAK) < 2,000 million Sales (LAK) < 1,000 million	Sales (RM) < 50 million	Sales (RM) < 20 million	Asset (PHP) < 100 million	n/a

(Source: ASEAN Member States)

Myanmar						
	Manufacturing	Labour intensive manufacturing	Wholesale	Retail	Service	Others
Micro enterprises						
No. of workers (up to)	n/a	n/a	n/a	n/a	n/a	n/a
Other criteria (up to)	n/a	n/a	n/a	n/a	n/a	n/a
Small enterprises						
No. of workers (up to)	< 50	< 300	< 30	< 30	< 30	< 30
Other criteria (up to)	Capital (Kyat) < 500 million	Capital (Kyat) < 500 million	n/a	n/a	n/a	n/a
	n/a	n/a	Sales (Kyat) < 100 million	Sales (Kyat) < 50 million	Sales (Kyat) < 100 million	Sales (Kyat) < 100 million
Medium enterprises						
No. of workers (up to)	< 300	< 600	< 60	< 60	< 100	< 60
Other criteria (up to)	Capital (Kyat) <1,000 million	Capital (Kyat) <1,000 million	n/a	n/a	n/a	n/a
	n/a	n/a	Sales (Kyat) < 300 million	Sales (Kyat) < 100 million	Sales (Kyat) < 200 million	Sales (Kyat) < 100 million

(Source: ASEAN Member States)

	Thailand				Viet Nam		
	Manufacturing	Wholesale	Retail	Other Service	Agriculture	Manufacturing	Service
Micro enterprises							
No. of workers (up to)	n/a	n/a	n/a	n/a	< 10	< 10	< 10
Other criteria (up to)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small enterprises							
No. of workers (up to)	< 50	< 25	< 15	< 50	< 200	< 200	< 50
Other criteria (up to)	Fix Asset (THB) < 50 million	Fix Asset (THB) < 50 million	Fix Asset (THB) < 30 million	Fix Asset (THB) < 50 million	Capital (VND) < 20 billion	Capital (VND) < 20 billion	Capital (VND) < 10 billion
Medium enterprises							
No. of workers (up to)	< 200	< 50	< 30	< 200	< 300	< 300	< 100
Other criteria (up to)	Fix Asset (THB) < 200 million	Fix Asset (THB) < 100 million	Fix Asset (THB) < 60 million	Fix Asset (THB) < 200 million	Capital (VND) < 100 billion	Capital (VND) < 100 billion	Capital (VND) < 50 billion

(Source: ASEAN Member States)

Appendix B.

List of Action Lines (Projects) for each Action under the Strategic Goals

Strategic Goal A) Promote Productivity, Technology and Innovation

Country Champions: Thailand and Viet Nam

Desired Outcomes	Actions	Action Lines	Target Timeline	Types of Measures							Pathway	
											C	I
A-1) Productivity will be enhanced	A-1-1) Develop enhanced understanding of relevant productivity measures	1. Study on productivity enhancement and organising public-private dialogues and sectoral roundtables: ➢ Conducting studies on productivity, technology, key trends, and policy options in ASEAN with focus on four countries with the cooperation of multilateral organizations ➢ Organising public-private dialogues on 'productivity' and 'quality standard' with the cooperation of public, private, and academic sectors ➢ Conducting sectoral roundtables with businesses to improve the use of technology and identify drivers of innovation	By 2018	Financial Scheme		Human Capital		Regiona-level Harmonization	✓	Knowledge Sharing / Networking		○
	A-1-2) Promote capital investment	1. Identification and promotion of best practices in respect of funding programmes on capital investment and facility leasing	By 2020	✓							○	

Desired Outcomes	Actions	Action Lines	Target Timeline	Types of Measures						Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations		Infrastructure
A-2) Industry clusters will be enhanced	A-1-3) Improve production management skills	1. Sharing best practices/standards of basic 'productivity' and 'quality' for micro enterprises (Strengthening micro enterprises)	By 2017				√				o
	A-2-1) Enhance industrial linkage among SMEs and between SMEs and large enterprises including MNCs	1. Sharing of regional and global best practices of industrial cluster development. 2. Developing concepts of special industrial parks/zones to foster focus industries where both SMEs and MNCs can build partnerships	By 2017				√			√	o
	A-2-2) Promote technology and build capabilities to foster industry clustering	1. Creation of incentive programmes or awards for MNCs/large enterprises to train local SMEs (suppliers, dealers, etc.) to enable technology transfer to local SMEs (national-level implementation) 2. Sharing best practices on appropriate technology adoption among SMEs to support higher production capability in focused industries	By 2020	√							o
			By 2017					√			o

Desired Outcomes	Actions	Action Lines	Target Timeline	Types of Measures						Pathway		
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
A-3) Innovation will be promoted as a key competitive advantage	A-3-1) Promote key technology usage and its application to business for innovation	1. Enhancement of incentives for innovation awards and knowledge-based creative and green industries (national-level implementation)	By 2021	✓							o	
		2. Creation of knowledge platform and incentives for fostering manufacturing and knowledge-based industries by leveraging on the ABINet platform: ➢ Providing knowledge on production technology for manufacturers ➢ Providing knowledge on different levels of innovation (e.g. product innovation, process innovation, etc.) ➢ Encouraging research collaboration for knowledge-based creative industries ➢ Promoting adoption of green initiatives and technology processes to business and manufacturing (including tax incentive)	By 2020	✓			✓				o	o
		3. Developing capacity building programmes on Intellectual Property Rights (IPR) awareness and commercialisation for SMEs (national-level implementation)	By 2018		✓						o	
		4. Promotion of post Geographical Indications (GI) programmes for SME GI associations to promote commercialisation (national-level implementation)	By 2022				✓				o	
		5. Strengthening existing Technology Transfer Centres with the aim of being able to commercialise new products	By 2025						✓			

Desired Outcomes	Actions	Action Lines	Target Timeline	Types of Measures							Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
	A-3-2) Enhance information on innovation support services	1. Development of an on-line interactive platform for ASEAN business incubation network (ABINet) for exchange of ideas and information 2. Promotion of collaboration between creative industry agencies and SMEs/entrepreneurs to advance the skills of knowledge-based creative industries supported by the use of IT-based capacity	By 2017				√				o	
							√				o	
	A-3-3) Enhance business-academia collaboration	1. Setting up a network programme for the promotion of joint collaboration among SMEs, large enterprises and academia 2. Establishment of programmes for universities to share their facilities with SMEs	By 2018				√				o	
										√		o

Strategic Goal B) Increase Access to Finance
Country Champions: Malaysia and Lao PDR

Desired Outcome	Actions	Action lines	Target Timeline	Types of Measures						Pathway	
										C	I
B)-1 Institutional framework for access to finance will be developed and enhanced	B-1-1) Improve understanding and strengthen traditional financing infrastructure	1. Conducting roundtable discussions between SMEs, regulatory agencies, and financing institutions to share current issues on access to finance, such as credit rating, credit scoring, credit bureau, secured transaction law, microfinance, SMEs focused lending, intercompany credits (accounts receivable, promissory notes, factoring, Small Debt Resolution Scheme), etc. 2. Developing an information system for regional credit rating (follow up project of "Developing an ASEAN Benchmark for SME Credit Rating Methodology") ➤ Implementation of a national-level information system in each AMS based on the ASEAN benchmark methodology ➤ Developing a regional network platform to link national-level information systems	By 2018	Financial Scheme						o	o
				Human Capital						o	o
				Regiona-level Harmonization			✓			o	o
				Knowledge Sharing / Networking					✓	o	o
				Information and Technology						o	o
				Laws and Regulations						o	o
				Infrastructure						o	o

Desired Outcome	Actions	Action lines	Target Timeline	Types of Measures							Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
		3. Developing policy options to enhance traditional financing such as credit guarantee scheme ➢ Study on the current status and the best practices of SMEs' access to traditional financing using SME Scorecard, etc. ➢ Preparation of a framework for institutional scheme to implement credit guarantee	By 2025						√		o	o
										√	o	o
												o
	B-1-2) Improve policy environment and measures to foster alternative and non-traditional financing through increasing availability of diversified sources of private financing	1. Study on policy options and organisation of roundtables with various stakeholders: ➢ Conducting studies on policy options and good practices for equity finance and alternative financing for SMEs and start-ups ➢ Conducting roundtables between SMEs, regulatory agencies, and financing institutions to share best practices of alternative and non-traditional financing	By 2018						√		o	o

Desired Outcome	Actions	Action lines	Target Timeline	Types of Measures							Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
B-2) Financial inclusion and literacy will be promoted, and the ability of MSMEs to engage in the financial system will be enhanced	B-1-3) Strengthen export financing facilities	2. Organising business matching events of local SMEs and investors (including angel investors, venture capital companies, BOP (Base of the Pyramid) fund, individual, etc.) (national-level implementation)	By 2020				✓				o	o
		3. Development of alternative financing frameworks and on-line interactive platform (national-level implementation)	By 2023				✓		✓		o	o
		1. Promotion of trade finance such as trade credit, export-oriented loan insurance, and factoring by leading financial institutions (national-level implementation)	By 2025					✓		o		
	B-2-1) Enhance outreach to promote financial inclusion to increase access to both traditional and alternative financing	1. Sharing best practices to facilitate the adoption of accounting rules, guidelines, and schemes for MSMEs	By 2020				✓			o	o	
		2. Developing micro financing programmes for micro enterprises (Strengthening micro enterprises) (national-level implementation)	By 2020				✓	✓			o	
		3. Creation of interactive on-line platform on a range of financial support available to MSMEs to minimize information gap (ASEAN SME Service Centre)	By 2018					✓			o	o

Strategic Goal C) Enhance Market Access and Internationalization
Country Champions: Singapore and Thailand

Desired Outcome	Actions	Action lines	Target Timeline	Types of Measures							Pathway	
											C	I
C-1) Support schemes for market access and integration into the global supply chain will be further developed	C-1-1) Increase information on regional and global market access and opportunities	1. Promoting and increasing outreach on benefits of AEC to SMEs ➢ Development of additional sets of information manuals on the AEC ➢ Conducting outreach events on the market opportunities on AEC at national and regional levels ➢ Collaborating with ASEAN Business Councils/business associations to propagate information on AEC effectively and promote key messages on SMEs and market opportunities to enhance private sector collaboration 2. Enhancement of information on markets, FTAs, and potential partners (ASEAN SME Service Centre)	By 2017	Financial Scheme								
				Human Capital								
				Regiona-level Harmonization								
				Knowledge Sharing / Networking			√				o	o
				Information and Technology						√		
				Laws and Regulations								
				Infrastructure								
			By 2018								o	

Desired Outcome	Actions	Action lines	Target Timeline	Types of Measures						Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C
	C-1-2) Promote partnership with MNCs / large enterprises to increase market access and opportunities	1. Facilitation of networking and partnership between SMEs and large enterprises/MNCs ➤ Strategic networking among SMEs, MNCs to enhance participation into the global supply chain through on-line platform and business matching ➤ Development of mentor and mentee programmes between MNCs/large enterprises/SMEs 2. Support for business matching and partnerships ➤ Organising trade fairs/events to support business matching and partnerships between MNCs and local SMEs ➤ Organising networking and business matching events for SME CEOs and regional business leaders in the focused industries 3. Establishment and promotion of 'Digital Service Hub' that will enhance trade supply chain and also improve the competitiveness of ASEAN SMEs in a low-cost manner	By 2018			✓				o	
			By 2019			✓				o	
			By 2021				✓			o	
			By 2020				✓			o	o
	C-1-3) Enhance the use of e-commerce	1. Promoting the development and utilisation of e-commerce platforms to encourage expansion of SMEs									

Desired Outcome	Actions	Action lines	Target Timeline	Types of Measures							Pathway		
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I	
C-2) Export capacity will be promoted	C-1-4) Promote adoption of international standard of quality to facilitate market access	1. Sharing model strategies for SMEs to be integrated into the global supply chain including focused industries and opportunities for SMEs in the value chain	By 2016				✓					o	
		2. Capacity building for SMEs on international standards in cooperation with ASEAN Consultative Committee on Standards and Quality (ACCSQ) to promote the accreditation by SMEs	By 2020		✓							o	
		3. Providing support for export in relation to adoption of international certification (national-level implementation)	By 2025					✓				o	
	C-2-1) Establish mechanisms to assist in increasing exports	1. Facilitating the utilisation of Rules of the Origin (ROO) and ASEAN self-certification scheme for exports	By 2019						✓			o	
		2. Increasing provision of advisory services/ information on market expansion (both local and global) by local banks, chambers of commerce, etc. (national-level implementation)	By 2018					✓				o	
		3. Establishment of export clinics for SMEs in each AMS (national-level implementation)	By 2020					✓				o	

Strategic Goal D) Enhance Policy and Regulatory Environment
Country Champions: Cambodia and Indonesia

Desired Outcomes	Actions	Action lines	Target Timeline	Types of Measures						Pathway	
				Financial Scheme	Human Capital	Regional-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C
D-1) Inter and intra-governmental cooperation in terms of policy and regulation will be enhanced	D-1-1) Strengthen the coordination mechanism between public agencies responsible for MSMEs	1. Establishment of high level coordination mechanism between agencies with responsibilities for MSMEs ➤ Establishment of designated executing MSMEs agency with an effective and empowered coordination and monitoring role ➤ Conducting policy workshop on orchestrated MSME assistance programmes on a regional basis	By 2017				✓			o	o
		2. Development of comparable MSME statistics through annual business surveys for KPI monitoring	By 2020				✓			o	o
		3. Capacity building of policy-makers for effective and mutual intra- and inter-governmental cooperation and coordination in terms of policy and regulation and good governance issues (national-level implementation)	By 2025		✓					o	o

Desired Outcomes	Actions	Action lines	Target Timeline	Types of Measures							Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
	D-1-2) Develop strategies to align national MSME development strategies with the regional strategies	1. Creation of a MSME development programme based on an inter-governmental cooperation and coordination that will become a reference for regional alignment and improvement of national policies and regulation (national-level implementation)	By 2019				√			o	o	
		2. Developing MSME policy and implementation guidelines for intra- and inter-governmental cooperation and coordination in policy and regulation: ➤ Organising policy workshops on orchestrated assistance programmes on a regional basis ➤ Publication of guidelines/handbook on good practices of MSME policy	By 2017				√			o	o	
		3. Publication of an updated ASEAN SME Policy Index and country reports. ➤ Follow up on the existing SME Policy Index research (2014 version) ➤ Conducting SME policy reviews in pilot countries ➤ Publishing the Post-2015 version of ASEAN SME Policy Index every three years	Every 3 years				√				o	o

Desired Outcomes	Actions	Action lines	Target Timeline	Types of Measures							Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
D-2) MSMEs' interests will be promoted and involvement in the decision-making processes will be enhanced	D-2-1) Advocate and promote MSME participation in policy formulation	1. Establishment of dedicated national MSMEs laws in all AMS and regional cooperation agreement on MSMEs where applicable: ➢ Exploring the feasibility of an ASEAN cooperation agreement on MSMEs ➢ Capacity building for MSMEs associations and civil society organisations in participatory policy/ decision-making ➢ Developing an interactive policy making (IPM) tool by using on-line advocacy for policy dissemination to MSMEs and questionnaires to MSMEs owners to identify key issues 2. Survey and data collection of the micro enterprises for inclusive economic development (Strengthening micro enterprises)	By 2020		√		√		√		o	o
			By 2020				√					o

Desired Outcomes	Actions	Action lines	Target Timeline	Types of Measures						Pathway		
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
D-3 Obtaining of permits and business registration will be streamlined	D-3-1) Establish a sound system and streamline permit and registration to enable less costly and faster business formation	1. Dissemination and advocacy about regulations on business formation and provision of information on available MSMEs support to informal business owners	By 2016				√				o	o
		2. Establishment of one-stop MSMEs centre in each AMS (national-level implementation)	By 2019				√				o	o
		3. Establishment and adoption of ASEAN benchmarks for starting business (registration), gaining construction permits, and registering property	By 2017				√				o	o
		4. Development of ASEAN accelerator toolkits and on-line application and registration for business start-ups	By 2017					√			o	o
		5. Capacity building of policy-makers in designing and improving business registration and license such as simplification of business registration procedure through utilization of IT	By 2017		√			√			o	o

Strategic Goal E) Promote Entrepreneurship and Human Capital Development
Country Champions: Brunei Darussalam, the Philippines and Myanmar

Desired Outcomes	Actions	Action lines	Target Timeline	Types of Measures							Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C	I
E-1) Entrepreneurial education and learning programmes to be will be instituted	E-1-1) Promote entrepreneurial education	1. Review and assessment of adoption of the common entrepreneurship curriculum	By 2017		✓						o	o
		2. Development and maintenance of the ASEAN On-line SME Academy	By 2018		✓							o
		3. Establishment of ASEAN-wide internship scheme/post-study programmes in business/entrepreneurship	By 2021		✓						o	o
		4. Capacity building of teachers for entrepreneurial learning programmes	By 2025		✓						o	o
		5. Provision of incentives to private service providers for entrepreneurship education	By 2025							✓	o	o
		6. Accreditation of entrepreneurial learning programmes in educational programmes	By 2025								✓	o

Desired Outcomes	Actions	Action lines	Target Timeline	Types of Measures						Pathway	
				Financial Scheme	Human Capital	Regiona-level Harmonization	Knowledge Sharing / Networking	Information and Technology	Laws and Regulations	Infrastructure	C
E-2) Human capital development for MSMEs will be enhanced especially for women and youth	E-2-1) Enhance management and/or technical skills of women and youth entering into the workforce	1. Development of common curriculums specifically designed for advanced industries in collaboration of international institutions (through e-learning via the ASEAN On-line SME Academy)	By 2019	✓						○	○
		2. Establishment of vocational training and counseling centres for micro enterprises, women and youth in collaboration with the private sector (Strengthening micro enterprises) ➤ Development of Technical Vocational Education and Training (TVET) programmes in the focus industries to meet industry needs in collaboration with private sector ➤ Establishment of SME technical training centres for updating operational efficiency through on-the-job training (OJT)	By 2025	✓						○	
	E-2-2) Provide a platform to promote and facilitate women's participation in MSMEs	1. Promotion and convening of the ASEAN women entrepreneurs ➤ Annual public-private dialogue on the promotion of women in the workforce ➤ Award for outstanding MSMEs, particularly those successful in penetrating international markets in conjunction with the annual ASEAN awards	By 2018		✓		✓			○	○
		2. Promotion of women entrepreneurs through capacity building, market access, branding and packaging: ➤ Empowering women to move up the value chain ➤ Capacity building, market access, branding, and packaging ➤ Support for the creation of the ASEAN brand including training in marketing and branding	By 2020		✓					○	○

Appendix C.

Cross-cutting Action Lines

Updating of the ASEAN SME Service Centre

Strategic Goal	Action	Action Line	Time Frame	Lead Country
B) Increase Access to Finance	B-2-1) Enhance outreach to promote financial inclusion to increase access to both traditional and alternative financing	3. Creation of interactive on-line platform on a range of financial supports available to SMEs to minimize information gap	2018	Malaysia, Lao PDR
C) Enhance Market Access and Internationalization	C-1-1) Increase information on the regional and global market access and opportunities	2. Enhancement of information on markets, FTAs, and potential partners	2018	Singapore, Thailand

Tax and other financial incentive schemes

Strategic Goal	Action	Action Line	Target Timeline	Lead Champion
A) Promote Productivity, Technology and Innovation	A-1-2) Promote Capital Investment	1. Identification and promotion of best practices in respect of funding programmes on capital investment and facility leasing	By 2020	Thailand, Viet Nam
	A-2-2) Promote technology and build capabilities to foster industry clustering	1. Creation of incentive programmes or awards for MNCs/large enterprises to train local SMEs (suppliers, dealers, etc.) to enable technology transfer to local SMEs (National-level implementation)	By 2020	
	A-3-1) Promote key technology usage and its application to business for innovation	1. Enhancement of incentives for ASEAN SME innovation awards and knowledge-based creative and green industries. (National-level implementation)	By 2021	
		2. Creation of knowledge platform and incentives for fostering manufacturing and knowledge-based industries by leveraging on the ABINet platform: Promoting adoption of green initiatives and technology processed to business and manufacturing (including tax incentive)	By 2020	

Strategic Goal	Action	Action Line	Target Timeline	Lead Champion
E) Enhance Policy and Regulatory Environment	E-1-1) Promote entrepreneurship education	5. Provision of incentives to private service providers for entrepreneurship education	2025	Brunei Darussalam, Philippines and Myanmar

Strengthening for the Sustainability of Micro enterprises

Strategic Goal	Action	Action Line	Target Timeline	Lead Champion
A) Promote Productivity, Technology and Innovation	A-1-3) Improve production management skills	1. Sharing best practices / standards of basic 'productivity' and 'quality' for micro enterprises	By 2017	Thailand, Viet Nam
B) Increase Access to Finance	A-2-1) Enhance outreach to promote financial inclusion to increase access to both traditional and alternative financing	2. Developing micro financing programmes for micro enterprises (National-level implementation)	By 2020	Malaysia, Lao PDR
D) Enhance Policy and Regulatory Environment	D-2-1) Advocate and promote MSME participation in policy formulation	2. Survey and data collection of the micro enterprises for inclusive economic development	By 2020	Indonesia, Cambodia
	D-3-1) Establish a sound system and streamline permit and registration to enable less costly and faster business formation	1. Dissemination and advocacy about regulation on business formation and provision of information on available MSME support to informal business owners	By 2016	
E) Promote Entrepreneurship and Human Capital Development	E-2-1) Enhance management and/or technical skills of women and youth entering into the workforce	2. Establishment of vocational training and counselling centres for micro enterprises, woman and youth in collaboration with the private sector	2025	Brunei Darussalam, Philippines and Myanmar



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