

# SMEs in ASEAN Economic Integration and Nation-building

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# SMEs are at the core of ASEAN Economic Community Blueprint

Country	Share of Total Establishment		Share of Total Employment		Share of GDP		Share of Total Exports	
	Share	Year	Share	Year	Share	Year	Share	Year
<b>Brunei Darussalam</b>	98.4%	2008	58.0%	2008	23.0%	2008	-	-
<b>Cambodia</b>	99.8%	2011	72.9%	2011	-	-	-	-
<b>Indonesia</b>	99.9%	2011	97.2%	2011	58.0%	2011	16.4%	2011
<b>Lao PDR</b>	99.0%*	2006	81.4%	2006	-	-	-	-
<b>Malaysia</b>	97.3%	2011	57.4%	2012	32.7%	2012	19.0%	2010
<b>Myanmar</b>	88.8%**	-	-	-	-	-	-	-
<b>Philippines</b>	99.6%	2011	61.0%	2011	36.0%	2006	10.0%	2010
<b>Singapore</b>	95.9%	2011	43.6%	2011	45%	2012	-	-
<b>Thailand</b>	99.8%	2012	76.7%	2011	37.0%	2011	29.9%	2011
<b>Viet Nam</b>	97.5%	2011	51.7%	2011	40.0%	-	20.0%	-

Note: \* ADB (2013), \*\* Based on officially registered number of firms.

Source: Country's Reports, ERIA (2013c).

ERIA, 2014

# ASEAN Initiatives for SMEs

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- **ASEAN Policy Blueprint for SME Development 2004-2014**  
provides the framework for SME development in ASEAN to narrow the development gap in the region
  
- **Strategic Action Plan for ASEAN SME Development 2010-2015**  
aims to further enhance the competitiveness and flexibility of SMEs in moving toward a single market and production base in ASEAN.

## STRATEGIC GOALS

## DESIRED OUTCOMES

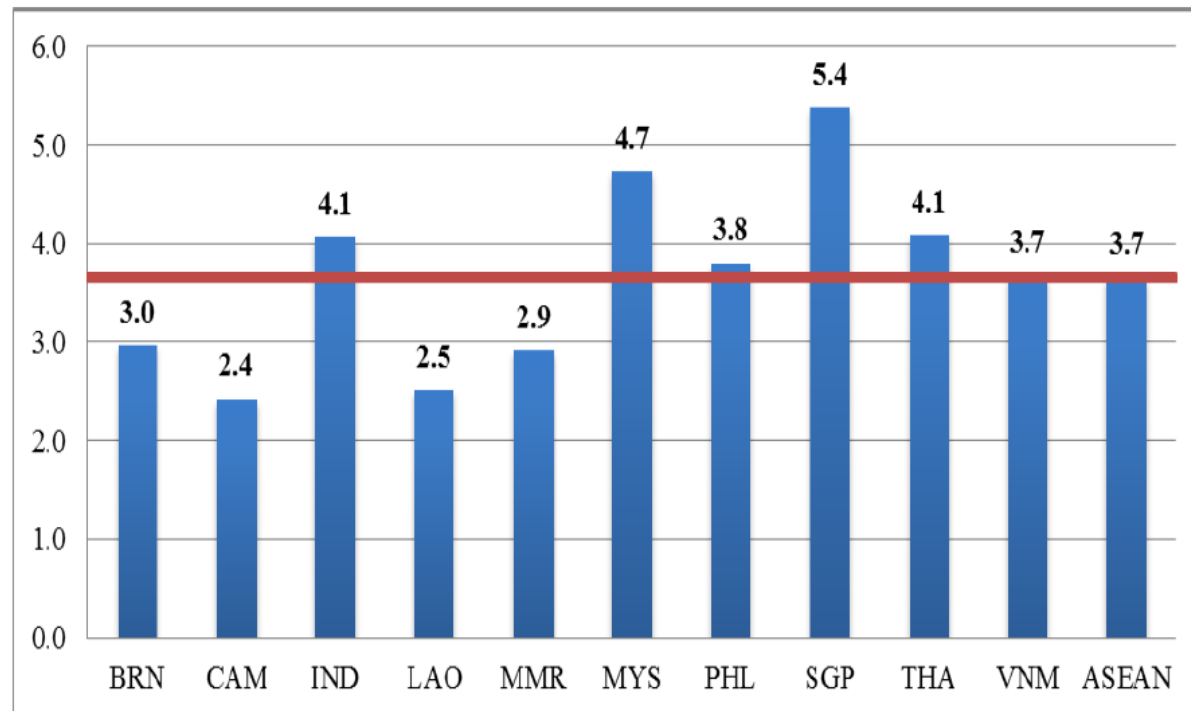
A) Promote Productivity, Technology and Innovation	A-1) Productivity will be enhanced
	A-2) Industry clusters will be enhanced
	A-3) Innovation will be promoted as a key competitive advantage
B) Increase Access to Finance	B-1) Institutional framework for access to finance will be developed and enhanced
	B-2) Financial inclusion and literacy will be promoted, and the ability of MSMEs to engage in the financial system will be enhanced
C) Enhance Market Access and Internationalization	C-1) Support schemes for market access and integration into the Global Supply Chain will be further developed
	C-2) Export capacity will be promoted
D) Enhance Policy and Regulatory Environment	D-1) Inter and intra-governmental cooperation in terms of policy and regulation will be enhanced
	D-2) MSMEs' interests will be promoted and involvement in the decision-making processes will be enhanced
	D-3) Obtaining of permits and business registration will be streamlined
E) Promote Entrepreneurship & Human Capital Development	E-1) Entrepreneurial education and learning programmes will be instituted
	E-2) Human capital development for MSMEs will be enhanced especially for women and youth

# ASEAN Strategic Action Plan for SME Development 2016-2025

ASEAN Strategic Action Plan for SME Development 2016-2025  
 Jakarta: ASEAN Secretariat, November 2015

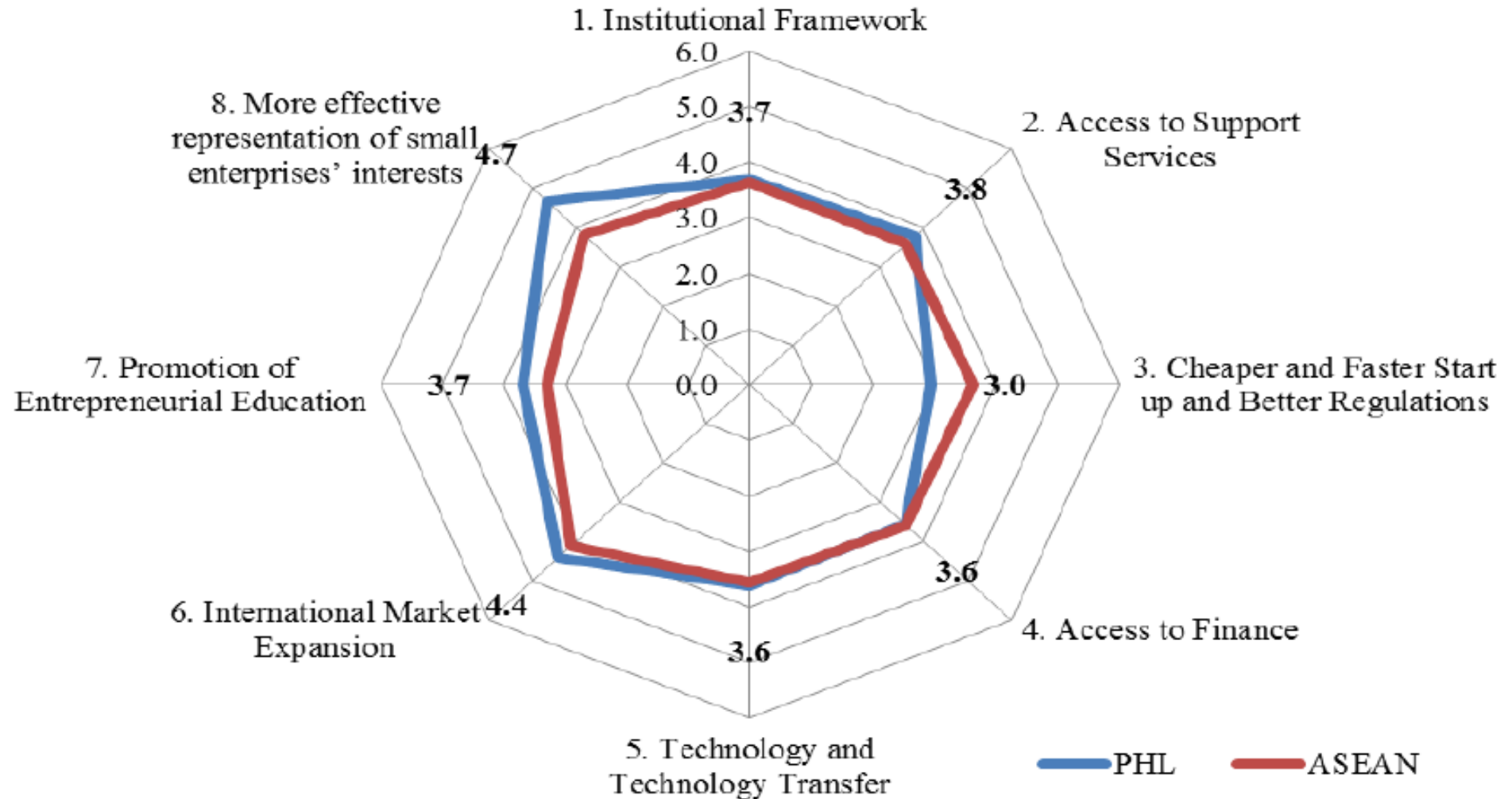
# ASEAN Initiatives for SMEs

- Adoption of the ASEAN SME Policy Index  
Adopted from the OECD to assess policy development across countries sharing a common SME policy platform



ERIA, 2014

# Philippines SME Policy Index (ERIA, 2014)



# Issues

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- Lack of access to relevant technologies, information
- Access to finance
- Limited marketing skills and management capacity
- High business costs
- Compliance to standards
- Limited attention to R&D/Innovation

Aldaba (2013); ERIA (2014)

# PIDS Survey of Innovation Activities 2015

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## Key findings

- Major determinants to innovative behavior include gross sales of the firm (which correlates with establishment size), educational attainment of employees, knowledge management practices, location and the industry group to which the firm belong.
- Effects of innovation are customer-driven.
- Barriers to innovation: cost factors, limited government support, and weak knowledge networks

Albert, et. al. (2017)



# Ways forward

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- Improving the regulatory environment
- Access to finance, technology transfer
- Fostering innovation through education and training
- Targeting assistance to MSMEs
- Strengthening linkages between knowledge producers and users
- Adopting a whole of government approach
- Harmonization of the rules/Translation of ASEAN-wide plans to national policies
- Provision of business development services (e.g., expansion of Negosyo Centers)



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# Thank you

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