

Strengthening Regional Structures for Small and Medium Enterprise Promotion in ASEAN



Context

According to the Economic Research Institute for ASEAN and East Asia (ERIA), over 90% of all businesses in ASEAN are Small and Medium Enterprises (SMEs), and the contribution to overall employment is between 57% and 91%, depending on the country. However, the share of total export volumes and revenues are only between 10% to 30%, demonstrating that the degree of internationalisation among SMEs is still very low.

The lack of awareness and limited availability of information on how to enter and tap into markets within and outside the region continue to be among the core challenges faced by SMEs in ASEAN. Not knowing international requirements and standards often prevents SMEs from linking up with regional or global value chains, thus hampering their growth and expansion. Improving the access to relevant information and networks, along with targeted capacity building programmes aimed at internationalisation, can therefore play a critical role in enhancing their market access, both from a regional as well as an international perspective.

Objectives

- To improve the ASEAN SME Service Centre
- To strengthen national SME information centres
- To promoting national SME services for internationalisation

Approaches

In close cooperation with the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME), the project supports the implementation of the SAPSMED 2025 with a dual focus on improving the market access and internationalisation of SMEs (¹strategic goal C), as well as enhancing the policy and regulatory environment (²strategic goal D).

The project has also facilitated the participation of all ten ASEAN Member States. In accordance with the directives of German Development Cooperation, intensive cooperation with Cambodia, Lao PDR, Myanmar and Vietnam (CLMV) countries at the national level is foreseen, in order to bridge both the development gap as well as the implementation gap. Meanwhile, more advanced countries, such as Malaysia, Singapore and Thailand will be engaged to share their experiences and expertise.

The focus of the project assistance will be on addressing needs that are pertinent for SMEs in the context of the ASEAN Economic Community (AEC). Therefore, the main beneficiaries of the project are the owners and staff of SMEs in the ASEAN Member States (AMS), but only those possessing the intention and potential for internationalisation. This will exclude SMEs that merely concentrate on operating in national markets, although they might indirectly benefit when providing wholesale products to other SMEs integrated in regional value chains.

Results so far

1. The Regional ASEAN SME Web Portal (ASEAN Access) has promoted digitalization and increased businesses within and beyond the region.
2. National Web Portals in CLMV plus Indonesia have been developed in order to link local SMEs to additional opportunities within ASEAN.
3. National Focal Points and ASEAN SME Regional Task Force have been set up.
4. Linkages among private and public sector networks on SME promotion within the region have been strengthened.
5. Best practices from Thailand on digital promotion of national SMEs have been applied among other selected ASEAN member states

Commissioned by: The German Federal Ministry of Economic Cooperation and Development (BMZ)
Countries: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam

¹ **Strategic Goal C: to improve the market access and internationalisation of SMEs** – 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 global value chains, and thus SME's contributions to exports remains small. Providing information platforms and capacity building programmes can play an important role in enhancing market access, both from the regional and international perspective.

² **Strategic Goal D: to enhance the policy and regulatory environment** – Inter and intra governmental cooperation in SME development is important for regional integration. SME policies and regulations that are aligned and applied in AMS would promote synergies on the regional level. From an administrative perspective, less costly and faster registration processes would facilitate and increase start-ups.

* The strategic goals are part of the ASEAN Strategic Action Plan for SME Development (SAPSMED)

Project partners: The ACCMSME and the national focal points (SME-related agencies) in ten ASEAN Member States. The partner in Thailand is the Office of Small and Medium Enterprise Promotion (OSMEP)

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More Information: www.thai-german-cooperation.info, www.asean-agrifood.org

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