



# Mid-Term Review of the ASEAN Strategic Action Plan for SME Development 2016–2025

*Evaluation Report*



one vision  
one identity  
one community



**MID-TERM REVIEW OF THE  
ASEAN STRATEGIC ACTION PLAN  
FOR SME DEVELOPMENT  
2016–2025**

Evaluation Report

The ASEAN Secretariat  
Jakarta

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States 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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The Mid-Term Review of the SAP SMED 2025 was conducted by Tetra Tech International Development with support of the Australian Government through the ASEAN-Australia Development Cooperation Programme Phase II (AADCP II) for the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises.

*Cover photo:* Young entrepreneurs brainstorming business ideas, [Shutterstock](#)

# Foreword

It has been five years since the ASEAN Strategic Action Plan for SME Development 2016 – 2025 (SAP SMED 2025) was launched at the sidelines of the 27<sup>th</sup> ASEAN Summit in November 2015. The SAP SMED 2025 was structured to strengthen the foundations of competitive micro, small and medium enterprises, namely, productivity, technology and innovation; finance, market, and skills; while at the same time creating enabling environment for enterprises to thrive by enhancing policy and regulatory environment.

Since its launch, I am proud to share that the ACCMSME, with the support of external partners, including dialogue and development partners, and in close collaboration with the private sectors, has implemented various initiatives for both MSME and its policymakers across these key areas. These include the production of policymaking reference documents, establishment of regional networks to promote exchanges among stakeholders, organisation of capacity building programmes and dialogues, and establishment of business support services that are accessible by MSMEs across the region.

This Report highlights some of ACCMSME's key initiatives and the impact of these initiatives towards the advancement of MSME development both regionally and nationally. The mid-term review was an opportunity for the ACCMSME to evaluate if these initiatives have truly impacted the beneficiaries of the SAP SMED 2025, assess the changes in contexts and landscape, and propose the necessary steps for even more effective implementation in the second phase, especially important now as economies reopen and ASEAN businesses adapt to the COVID-19 pandemic. This Report shares with you some of the megatrends impacting MSMEs in ASEAN and makes recommendations on SAP SMED 2025 future priorities, and propose the necessary shifts in alignment with these priorities.

On behalf of the ACCMSME, I would like to record our appreciation to the ASEAN Working Committee on Financial Inclusion, ASEAN Coordinating Committee on Electronic Commerce, ASEAN Committee on Science, Technology and Innovation, Senior Officials Meeting on Social Welfare and Development, Senior Officials Meeting on Rural Development and Poverty Eradication, ASEAN Committee on Women, ASEAN MSME Advisory Board, ASEAN Business Advisory Council and ASEAN Women Entrepreneurs' Network for the inputs received during this review exercise. Those inputs were invaluable to the review, given the cross-cutting nature of the MSME development.

Last but definitely not least, I would like to thank the Government of Australia for the support rendered through the ASEAN Australia Development Cooperation Programme Phase II (AADCP II) and to Tetra Tech International Development for the expertise provided for the ACCMSME to undertake and complete this review.

Thank you.



Dato' Suriani binti Dato' Ahmad  
Chair of ASEAN Coordinating Committee on Micro, Small and Medium Enterprises  
Secretary-General, Ministry of Entrepreneur Development and Cooperatives  
Malaysia

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# Acronyms and Abbreviations

<b>AADCP II</b>	<b>ASEAN–Australia Development Cooperation Program Phase II</b>
ABINet	ASEAN Business Incubator Network
ACCMSME	ASEAN Coordinating Committee on Micro, Small and Medium Enterprises
ACW	ASEAN Committee on Women
AMS	ASEAN Member States
ASEAN	Association of Southeast Asian Nations
COVID-19	Coronavirus Disease 2019
M&E	Monitoring and evaluation
MSMEs	Micro, small and medium enterprises
SAP SMED 2025	ASEAN Strategic Action Plan for SME Development 2016–2025
SMEs	Small and medium enterprises
US-ACTI	United States – ASEAN Connectivity through Trade and Investment

# 1 Executive Summary

ASEAN adopted the Strategic Action Plan for SME Development 2016–2025 (SAP SMED 2025, or “Action Plan”) in November 2015 to enhance the competitiveness and resilience of micro, small and medium enterprises (MSMEs) and to enable greater benefits from ASEAN economic integration. This report summarises the main findings of the mid-term review of the SAP SMED 2025, covering the period from 2016 to 2020.

The SAP SMED 2025 envisions to, by 2025, create globally competitive, innovative and resilient MSMEs that are seamlessly integrated to the ASEAN Community, while pursuing inclusive development in the region. It focuses on five priority areas crucial for business growth, namely, promoting productivity, technology and innovation, increasing access to finance and market, enhancing policy and regulatory environment and promoting entrepreneurship and human capital development.

## 1.1 Key Findings

This section outlines SAP SMED 2025’s key achievements and progress as at 2020, the main challenges and opportunities in implementing the Action Plan, drivers of success, and lessons learned.

### 1.1.1 Key achievements

SAP SMED 2025 has made significant progress between 2016 and 2020, with more than 80% of the 62 planned action lines in the Action Plan completed or being implemented in the form of provision of support services, publication of reference materials, organisation of public-private dialogues and sectoral roundtables, as well as capacity-building programmes for both policymakers and MSMEs. However, findings indicate that many completed initiatives require ongoing promotion and socialisation to ensure uptake at the regional and national levels. Some outputs may also need ongoing maintenance and support to sustain relevance.

The mid-term review concluded the ASEAN Secretariat was efficiently implementing and coordinating the Action Plan, with good communication and feedback mechanisms in place. Resource use was efficient and well managed, with appropriate compliance checking in place to ensure accountability.

Most key informants interviewed during the mid-term review noted that SAP SMED 2025 goals, actions and action lines are still relevant despite the changing context and impact of the COVID-19 global pandemic. The Action Plan was established with a robust foundation for ongoing MSME development, which has been used for MSME strategic planning as well as policy formulation at the national level.

Key informants support the need to prioritise digital transformation in all ASEAN Member States (AMS), including:

- providing online services to support the ease of doing business and regulatory compliance
- supporting fintech adoption for increased access to financing, debt financing, peer-to-peer lending and equity crowdfunding
- providing regional initiatives for capacity building for digital upskilling, new skilling and reskilling.

### 1.1.2 Implementation progress

While most key informants rated overall implementation progress as satisfactory, they felt more could be done to accelerate SAP SMED 2025's progress. Interviewed representatives from the private sector, other sectoral bodies, and committees had little knowledge of the Action Plan or its progress. Most key informants had no knowledge as to whether MSMEs have directly benefited from the Action Plan.

There is significant evidence that SAP SMED 2025 is achieving immediate outcomes in terms of policy uptake and alignment of plans and policies at the national level. Action lines that are aligned with national initiatives by AMS will most likely deliver sustainable benefits to target stakeholders; however, some countries are struggling to implement them due to resource constraints and limited capacities.

Institutionalised arrangements and high-level mechanisms for MSME development strategy and policy coordination are well placed within each AMS. However, resourcing and coordination mandates vary among AMS due to differing institutional capabilities. The mid-term review concluded that while both formal and informal mechanisms are being implemented; not all AMS use formal mechanisms for consultation, with many relying on direct engagement with relevant ministries on an issue-by-issue basis.

With the COVID-19 pandemic, substantial AMS resources have been shifted towards economic recovery programmes that take priority. In this case, ASEAN may need to consider alternative resources to address the current limitations presented by the COVID-19 crisis.

### 1.1.3 Challenges and opportunities

Challenges for MSMEs include the need for digital skills to adopt digital technology and e-commerce services. Easy-to-use training programmes need to be developed that fit with MSMEs' current capabilities. The contents of the ASEAN SME Academy could be

**Key recommendations** have been provided based on discussions with key informants, analysis of context, and an assessment of short- and medium-term outcomes.

**Areas of focus** selected for the mid-term review include market, finance, and upskilling. The selection of these areas is based on the mid-term review team's analysis and key informant feedback. COVID-19 has accelerated the need to focus on these areas, as well as the emergence of the fourth industrial revolution which will require SMEs to rapidly adapt in terms of finance, new markets and upskilling to participate.



continuously updated to reflect the evolving needs of MSMEs. This could be supported by MSME one-stop shops in each country that provide access to the tools and information sources developed through SAP SMED 2025 and national SME promotion programmes.

Between 2021 and 2025, ASEAN could explore emerging megatrends such as the fourth industrial revolution, the digital economy, smart manufacturing and the circular economy. Learning from the COVID-19 pandemic, AMS should ensure that their crisis management skills are up to date and that MSMEs have access to tools that will help with business continuity planning. The COVID-19 pandemic has also highlighted the need to formalise the informal MSME sector to ensure some form of social protection support and account for a large section of the economy. This is part of developing a more inclusive and equitable economy.

Key informants from the private sector noted that SAP SMED 2025 needs to have more concrete and sustainable projects and products that lead to direct benefits for a wider group of MSMEs. Good examples include the ASEAN SME Academy, where a regional initiative was closely aligned with national priorities and gained local support and momentum for implementation.

One weakness of implementation is understanding the extent to which MSMEs are benefiting from SAP SMED 2025 investments. Achieving this will require improved monitoring of SAP SMED 2025 outputs and possibly supporting specialised, longer-term programmes so that the benefits are directly felt by MSMEs.

#### **1.1.4 Drivers of success and lessons learned**

From the implementation of the Action Plan, the main drivers of success have been:

- the robust structure of the Action Plan, which focuses on foundational elements of developing the MSME economy and has withstood major disruptive events.
- active participation of ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) members and key stakeholders in identifying and implementing MSME development policies and programmes.
- coordination at the AMS level to ensure feedback from relevant government agencies on SAP SMED 2025 initiatives and implementation.
- support from high-level leaders and external partners to resource the implementation of SAP SMED 2025 policies and projects.
- regular sharing sessions and reports that provide sufficient and up-to-date information, especially on issues concerning MSME development.
- tangible outputs from SAP SMED 2025 offering governments and businesses reliable sources of information that may otherwise be difficult to obtain.

Lessons from the mid-term review include:

- Some key stakeholders, including the private sector, had relatively low awareness of the activities and achievements of SAP SMED 2025 but now seek to be involved in the future development of the Action Plan and its implementation.
- Strong collaboration and coordination between the ACCMSME and other implementation stakeholders, including key ASEAN sectoral bodies and the private sector, will provide greater opportunities for developing the MSME sector by sharing resources and expertise.
- Current monitoring and evaluation (M&E) is sound for monitoring implementation and use of resources but inadequate to determine the effectiveness of SAP SMED 2025. The

approach to M&E needs to be strengthened to be able to determine the value and impact of the Action Plan.

- Business registration systems and formalising the informal sector also contribute to improved monitoring of the MSME sector while reducing the burden of data collection since it can be done electronically through normal administrative processes.
- A significant proportion of the Action Plan initiatives consist of the development of research studies, and it is critical that the information captured remains up to date. Regularly refreshing these studies, where they have become an essential tool, should be built into the work programme.

## 1.2 Main Recommendations

The mid-term review identified 18 key recommendations to improve the Action Plan's i) relevance, coherence, ii) effectiveness of implementation, iii) efficiency of implementation and use of resources, and iv) monitoring and evaluation. The recommendations are based on the review's analysis and feedback from ACCMSME members, who also ranked the recommendations by the degree of priority. Out of 18, eight recommendations are perceived to have the highest priority and are listed below.

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1. **Readjust priorities to align with the changing context and new emerging business models.** This could include exploring scalable initiatives that provide longer-term benefits to ASEAN MSMEs; facilitating peer networking and sharing of best practices; increasing private sector engagement to enhance relevance to the changing needs of MSMEs; supporting the creation of a regional unique business identity number; and sunsetting projects to free up resources for new initiatives.



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2. **Realign resources towards the top 3 priorities for the region in the next five years.** These priorities should be (i) access to markets such as the e-market space, (ii) access to both finance and policies that encourage cross-border payments for digital interactions, and (iii) access to mentorship and skills building.



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3. **Identify specific opportunities** in the areas of the fourth industrial revolution, the digital economy, smart manufacturing and the circular economy, and propose relevant initiatives and projects to harness them so that MSMEs could benefit from them in the long run.



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4. **Learn from the COVID-19 pandemic.** AMS should ensure that their crisis management skills are relevant and adaptable to changes. Adjustments and refinements should be made regularly to ensure up-to-date relevance.



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5. **Ensure projects that require ongoing maintenance (to ensure benefits can be sustained) have resources allocated for this purpose,** and an institutional owner who will provide ongoing support. Ensure that the AMS are also committed and adequately resourced to provide the necessary data to maintain these systems.

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6. **Increase the focus on more practical and tangible (multi-year) projects** that have both government and private sector champions to support their implementation and scale up. Champions need to be more involved in ensuring programmes are fully supported by the AMS and optimised to directly benefit the MSME sector



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7. **Develop a communication and engagement strategy for SAP SMED 2025** to enhance coherence among initiatives, promote adoption of outputs at the national level and with sectoral bodies, reduce duplication, gain greater commitment from government and private sector champions, and raise awareness of the progress of SAP SMED 2025 and its impact.



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8. **Establish a more robust M&E system to measure short- and medium-term outcomes.** This will involve preparing logic models and clarifying language around what is an outcome, an objective or activity. Once the logic models have been developed, more appropriate key performance indicators can be determined that will enable SAP SMED 2025 performance to be adequately monitored.

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## 2 Background

This section provides an overview of the ASEAN Strategic Action Plan for SME Development 2016–2025, and discusses the purpose and objectives of the mid-term review.



Vietnamese woman prepares meal outside her stall. Source: [Unsplash](#)

### 2.1 Overview of the ASEAN Strategic Action Plan for SME Development 2016–2025

MSMEs in ASEAN have always been regarded as the backbone of the ASEAN economy and contribute to the region’s social well-being. Based on the most recent data collected by the ACCMSME, allowing for different definitions of MSMEs in ASEAN Member States, there are more than 70 million MSMEs throughout the region. MSMEs constitute a significant share of total establishments in ASEAN Member States, making up as high as 99.9 per cent of total establishments in one ASEAN country. The regional average for their contribution to GDP stands at 44.8 per cent, and collectively they contribute 85 per cent of employment<sup>1</sup>.

The overall mission of ASEAN’s MSME development agenda is to create globally competitive, resilient and innovative MSMEs that are seamlessly integrated into the ASEAN community, and to ensure inclusive development in the region through the achievement of five strategic goals.

#### SAP SMED 2025 Goals

**Strategic Goal A:** Promote Productivity, Technology and Innovation

**Strategic Goal B:** Increase Access to Finance

**Strategic Goal C:** Enhance Market Access and Internationalisation

**Strategic Goal D:** Enhance Policy and Regulatory Environment

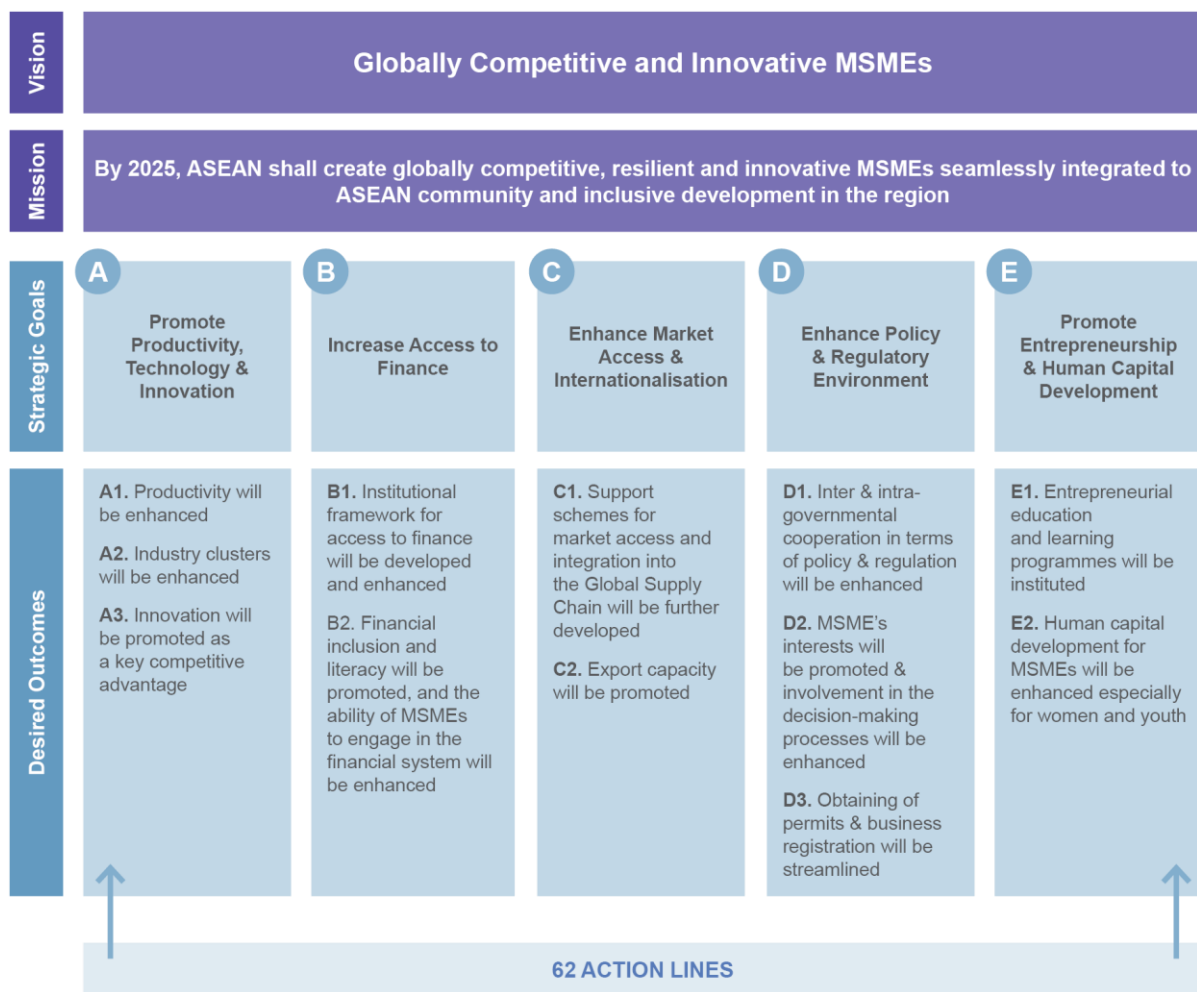
**Strategic Goal E:** Promote Entrepreneurship and Human Capital Development

<sup>1</sup> ASEAN Strategic Action Plan for SME Development 2016 – 2025: 2020 KPI Monitoring Report

ASEAN adopted the Strategic Action Plan for SME Development 2016–2025 (SAP SMED 2025, or “Action Plan”) in November 2015 to enhance MSME competitiveness and resilience, and to enable greater benefits from ASEAN economic integration. The Action Plan supports initiatives that aim to improve the policy environment for MSMEs to drive productivity and innovation, as well as support inclusive and equitable development.

The Action Plan was launched at the 27th ASEAN Summit on 21 November 2015 and developed in consultation with the private sector. It was prepared with the cooperation of the ASEAN Economic Ministers – Minister of Economy, Trade and Industry (of Japan) Economic and Industrial Cooperation Committee, supported through the Japan–ASEAN Integration Fund, while the implementation roadmap was developed with the assistance of the United States – ASEAN Connectivity through Trade and Investment (US-ACTI) project.

**Figure 1:** Summary of SAP SMED 2016 - 2025



## 2.2 Purpose and Objective of the Mid-Term Review

The ASEAN Secretariat, with support from the ASEAN–Australia Development Cooperation Program Phase II, commissioned Tetra Tech International Development to conduct the mid-term review on behalf of the ACCMSME. The main objectives of the mid-term review are to:

- assess the extent to which the Action Plan has been effectively implemented;
- evaluate the degree to which the desired outcomes have been achieved;
- identify the changes in context, including changes in national priorities, relevant regional priorities, global developments, and emerging megatrends with impacts on MSME development and policies; and
- make recommendations that will improve implementation and maintain relevance over the next five years.

The mid-term review used a systematic approach, commencing with a review of available reports, followed by primary data collection through interviews and workshops, and data analysis and synthesis to formulate key findings and recommendations. Desktop research was conducted throughout the evaluation period to develop discussion papers on the changing global and regional context, and national and regional coordination arrangements. These were used to inform the key findings and recommendations.

The mid-term review follows the structure of the five strategic goals in the grouping of the 62 action lines in the analysis and organisation of findings.



*Grab motorcycle rider picking up passenger. Grab is a technology company that offers a wide range of ride-hailing and logistics services through its app in Southeast Asia. Source: [Unsplash](#)*

## 3 Responding to Changing Contexts

A range of global megatrends and subsequent regional and country-level responses have influenced the operating context for ASEAN SMEs over the first five years (2016–2020) of the Action Plan, and will continue to do so into the next five years.

### 3.1 Summary of Emerging Trends and Their Implications

The mid-term review identified eight emerging trends that present both challenges and opportunities for ASEAN MSMEs.

#### 3.1.1 COVID-19

COVID-19 has adversely impacted ASEAN MSMEs through domestic public health restrictions as well as through the impact on international supply chains, economic contraction, purchasing power and consumer demand. They pose significant challenges for ASEAN in supporting MSMEs in enhancing market access and internationalisation (Strategic Goal C).

The pandemic has placed significant stress on ASEAN MSMEs, making access to finance (Strategic Goal B) and public support packages are crucial. Informal enterprises face difficulties in accessing both finance and social support, which reinforces the need to formalise the informal sector (Strategic Goal D).

The pandemic will accelerate automation and the prominence of technology. Clear upsides include lockdowns, which have been rapidly accelerating digital adoption for consumers and businesses alike. This presents opportunities to promote productivity, technology and innovation (Strategic Goal A) in MSMEs. Promoting and supporting entrepreneurship (Strategic Goal E) is increasingly important in this period of market uncertainty. Promoting entrepreneurial education (Outcome E-1) is critical for upskilling and reskilling women (Outcome E-2) and furloughed workers.



A woman wears protective gear in the Philippines. Source: [Unsplash](#)

### 3.1.2 Fourth industrial revolution

The increasing prevalence of disruptive digital technologies will transform manufacturing activities across the entire value chain. By 2025, digital connectivity will fundamentally change society, accelerated by the COVID-19 pandemic and advances in artificial intelligence.<sup>2</sup>

This megatrend brings significant threats of labour displacement through automation and artificial intelligence to the region. However, opportunities exist if ASEAN MSMEs can turn around and integrate into new markets by providing relevant services and products towards global supply chains and serving new consumer demand directly (Strategic Goal C). Promoting productivity, innovation, technology (Strategic Goal A) and entrepreneurship (Strategic Goal E) will be important to stay globally competitive. To minimise labour displacement and ensure the availability of human capital, there should be a focus on reskilling and upskilling into information and communications technology (Strategic Goal E) and enhancing the management and technical skills of women and youth entering the workforce (Outcome E-2).



Manufacturing worker wearing virtual reality headset. Source: [Shutterstock](#)

### 3.1.3 Digital economy and e-commerce

The digital economy and e-commerce are gathering momentum and have opened up new pathways for MSMEs to reach regional and international markets (Strategic Goal C). This megatrend is creating opportunities for innovation (Strategic Goal A) and entrepreneurship (Strategic Goal E), and has already produced successful examples in the region.

This megatrend also has strong potential to facilitate access to finance for MSMEs through new digital financial technologies (Strategic Goal B). Realising its potential will require overcoming gaps in digital and logistics infrastructure and technology (Strategic Goal A) as well as improving domestic and regional legislation and regulation (Strategic Goal D). As with

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<sup>2</sup> Klaus Schwab. *The Fourth Industrial Revolution* (Switzerland: Penguin Books, 2017).



the fourth industrial revolution, there are pressing needs in developing the human capital (Strategic Goal E) to capitalise on this trend.

### 3.1.4 2030 Agenda for Sustainable Development

Given their immense market share and source of employment, supporting MSMEs is a key driver for AMS to achieve their sustainable development goals in line with the United Nations 2030 Agenda for Sustainable Development, in particular, supporting the achievement of goals to end poverty and hunger (Strategic Goals A, B, C, D and E), create more inclusive growth and reduce inequality (Strategic Goals B and E), promote gender equality (Strategic Goal E), and encourage sustainable consumption and production patterns (Strategic Goal C).

### 3.1.5 Women's economic empowerment

Women's economic empowerment has gained endorsement from leaders in the ASEAN Economic Community. Yet gender-based disparities persist in the region and yet supporting MSMEs as large employers of women can be seen to be a key driver in addressing this. The emergence of the digital economy holds promise for women entrepreneurs, but COVID-19 has exacerbated gender-based disparities in the region. Gender must continue to be a key focus in each of the five strategic goals of SAP SMED 2025. The ASEAN Committee on Women (ACW) has developed the ASEAN Gender Mainstreaming Strategic Framework, which will provide guidelines for ASEAN sectoral bodies to incorporate gender issues into their workplans. This framework is relevant to the ACCMSME, which should consider how to support its implementation. The ACW should work with the ACCMSME to ensure that a gender lens is applied to SAP SMED 2025 initiatives. It will take one to two years to establish a working mechanism, create ownership, and identify pathways to integrate gender into the ACCMSME and other ASEAN sectoral bodies' workplans. Focused attention should be placed on enhancing the management and technical skills of women and providing platforms to promote and facilitate women's participation in MSMEs.



Young Indonesian entrepreneur in a hydroponic farm. Source: [Shutterstock](#)

### 3.1.6 Circular economy

The circular economy, together with an increased global focus on sustainability and reducing waste, presents opportunities for ASEAN MSMEs. This trend has the potential to both limit international demand (Strategic Goal C) for ASEAN MSMEs if there is an increased global focus on domestic production and consumption; and create opportunities if MSMEs can pivot towards services and products that fulfil shifting customer demand towards economic circularity. Support schemes for market access could focus on adopting international standards and increasing information on emerging market opportunities



Singaporean man recycling plastic bottle in a reverse vending machine. Source: [Shutterstock](#)

### 3.1.7 Inclusive business

Inclusive businesses are defined as businesses that provide goods, services and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid, making them part of the value chain of companies' core business as suppliers, distributors, retailers or customers. This model holds great potential to promote economic inclusion and reduce poverty in ASEAN, a key regional and domestic priority for many member states, and contributes to the achievement of the United Nations Sustainable Development Goals. Yet key gaps in access to finance (Strategic Goal B), in education and training (Strategic Goal E), in enhancing productivity, technology and innovation, and in digital skills and connectivity (Strategic Goal A) will need to be overcome through domestic and regional efforts to make this potential a reality. Promoting financial inclusion and literacy (outcome B-2) and human capital development (outcome E-2) will be crucial, particularly for low-income individuals, women and youth.

### 3.1.8 Relocation of regional supply chains from China

Accelerating the relocation of regional supply chains from China has the potential for ASEAN MSMEs to connect to global supply chains. This ongoing trend may potentially be accelerated due to intensifying trade tensions between the United States and China. Attracting foreign firms to the ASEAN region will create opportunities for MSMEs to participate in global value chains as partners and subcontractors (Strategic Goal C) and has the potential to create

positive knowledge (Strategic Goal E) and technology (Strategic Goal A) spill overs. To attract firms, domestic and regional policy and incentives will need to be assessed (Strategic Goal D) and potentially enhanced through inter- and intra-governmental cooperation. Streamlining permits and business registration will also be important (outcome D-3) to improve the ease of doing business.

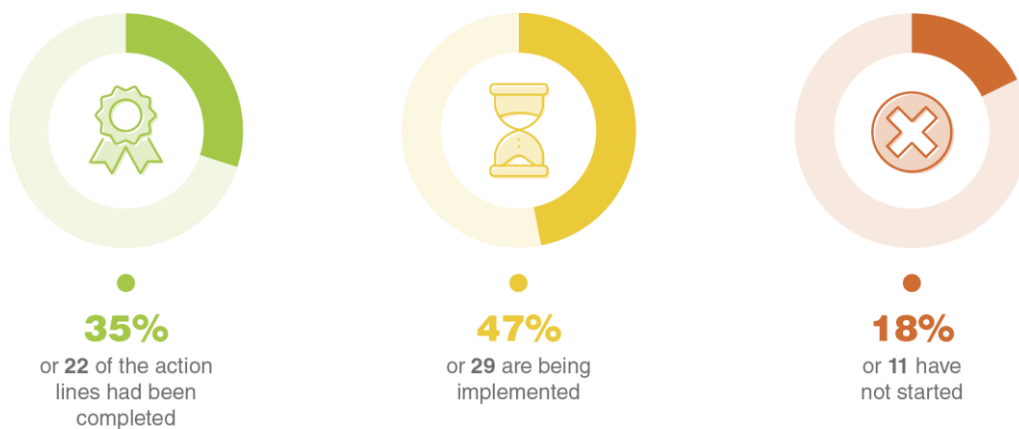
## 4 Key Findings

This section presents the mid-term review’s key findings on the implementation progress of SAP SMED 2025 and the progress made towards desired outcomes.

### 4.1 Implementation Progress – Achievements to Date

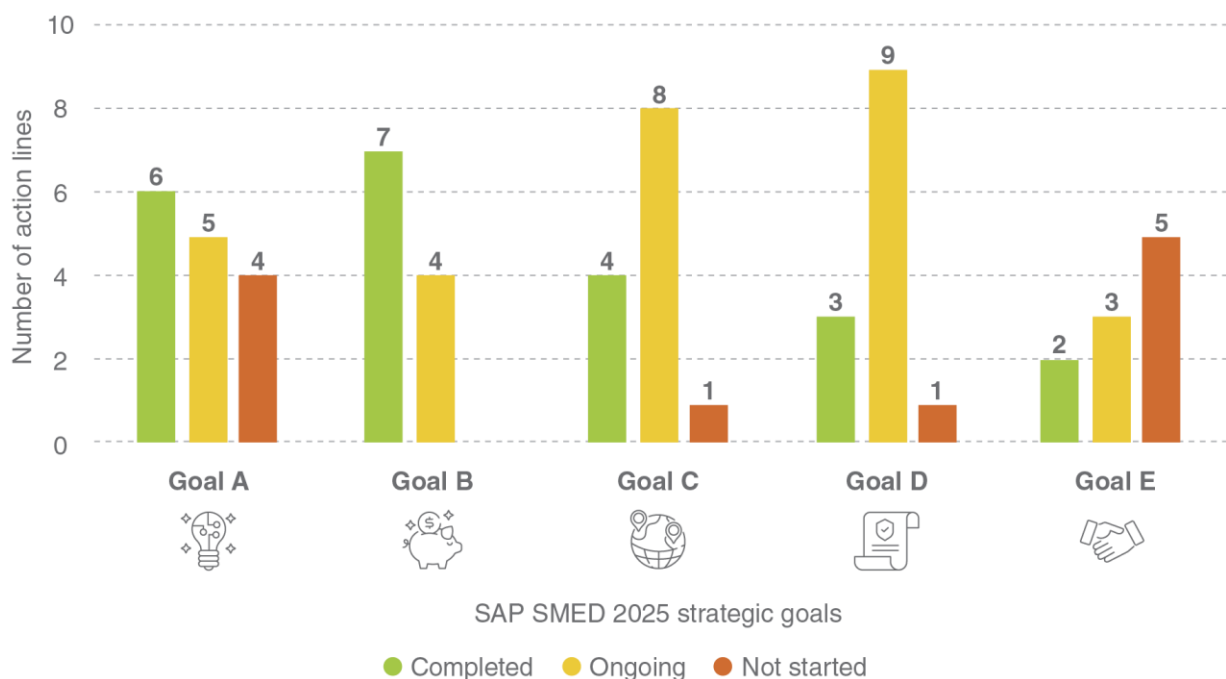
SAP SMED 2025 has made significant progress across the five strategic goals in collaboration with the private sector, external partners and with the support of donors from Canada, Japan, the United States, Germany, Australia, Korea, China and Russia.

As of December 2020, out of 62 action lines, 82 per cent have been completed or are currently being implemented:



Implementation progress of the 62 action lines showed differences across the five strategic goals (Figure 2)

**Figure 2:** Status of action line implementation, by Strategic Goal, at December 2020



## Key achievements under each of the SAP SMED 2025 strategic goals



### Goal A: Promote Productivity, Technology and Innovation

Through the **ASEAN Business Incubator Network (ABINet)**, technology business incubators collaborated to deliver incubation programmes such as market and funding access to ASEAN startups.

For MSME policymakers, **policy dialogues, regional policy meetings and capacity-building programmes** were organised on topics related to productivity, technology and innovation.

Ten ASEAN inclusive businesses were awarded the **ASEAN Inclusive Business Award** during the annual ASEAN Business Awards in 2020. The Inclusive Business Awards were a significant milestone in building awareness on inclusive business models and encouraging larger companies to integrate smaller enterprises as part of their value chain.

**Action Agenda on Digitalisation of ASEAN MSMEs through Capacity Building** initiatives aim to increase technology adoption and digitalisation of MSMEs such as the Go Digital ASEAN initiative, where the ACCMSME collaborated with The Asia Foundation, with philanthropic support from Google.org to provide digital skills to 200,000 people from rural regions and underserved communities, including micro and small enterprises, youth, and women.



### Goal B: Increase Access to Finance

The **ASEAN Institutional Framework on Access to Finance for MSME** supports AMS efforts to enhance access to financing instruments by MSMEs. During the SME Finance Roundtable, participants from central and SME-focused banks and ACCMSME representatives discussed various topics to enhance SMEs' access to finance, including nurturing innovative SMEs.

For policymakers, the report **Facilitating Equity Crowdfunding in the ASEAN Region** compares and analyses in detail the equity crowdfunding regulatory environments in a large number of economies within and outside ASEAN. The report **Alternative Financing Instruments for ASEAN SMEs** provides guidance to policymakers in Southeast Asian SMEs and entrepreneurs to access a broad range of financial instruments beyond traditional bank lending.

The **Handbook for MSME Access to Alternative Sources of Finance in ASEAN** provides information on the available alternative sources of loan and equity funding based on the different needs and requirements of MSMEs in ASEAN, and serves as a comprehensive guidebook and checklist to improve financial awareness and basic financial literacy among MSMEs.



### Goal C: Enhance Market Access and Internationalisation

The **ASEAN SME Service Centre** was launched in 2015 with the aim to facilitate MSME internationalisation through the provision of market and trade information, and information on services provided by SME agencies and MSME enablers in the region. The web portal was rebranded and launched as **ASEAN Access in June 2021**.

The **ASEAN–Japan Women Entrepreneurs Linkage Programme (AJWELP)** is a series of programmes that aim to empower startup ASEAN and Japanese women entrepreneurs by linking them with companies, mentors and AJWELP peers. As of December 2020, four series of the AJWELP have been implemented.

The publication **Future of ASEAN – 50 Success Stories of Internationalization of ASEAN MSMEs** profiles 50 ASEAN enterprises that have successfully accessed international markets, and shares best practices among AMS in developing and promoting MSMEs with a global business outlook.



## Goal D: Enhance Policy and Regulatory Environment

The **ASEAN Work Programme on Starting a Business** was adopted by ASEAN Economic Ministers at their 48th Meeting in August 2016. The associated report identifies key issues pertaining to business startup procedures in ASEAN and highlights policy lessons and reforms of several AMS. The work programme outlines the areas and actions to be taken towards streamlining the relevant business registration processes and enhancing inter- and intra-governmental cooperation towards this end.

The **ASEAN Guidelines on Fostering a Vibrant Ecosystem for Startups Across Southeast Asia** was endorsed by ASEAN Economic Ministers at their 52nd Meeting in August 2020. The guidelines serve as a common reference point for policymakers in formulating startup policies and are a significant milestone for SAP SMED 2025 as they articulate common principles to guide regional work in the next few years.

The **ASEAN SME Policy Index 2018** is an independent tool for monitoring SME policy areas within SAP SMED 2025. Findings of the policy index were socialised through 10 national dissemination seminars.

The **ASEAN Inclusive Business Framework** was adopted by ASEAN Economic Ministers at their 49th Meeting in September 2017 and included capacity-building programmes for ASEAN policymakers through the Inclusive Business Policy Maker Engagement Programme.

**Guidelines for the Promotion of Inclusive Business in ASEAN** were endorsed by ASEAN Economic Ministers at their 52nd AEM Meeting in August 2020. The guidelines provide policy options to assist ASEAN policymakers in formulating inclusive business strategies at both the national and regional levels.



## Goal E: Promote Entrepreneurship and Human Capital Development

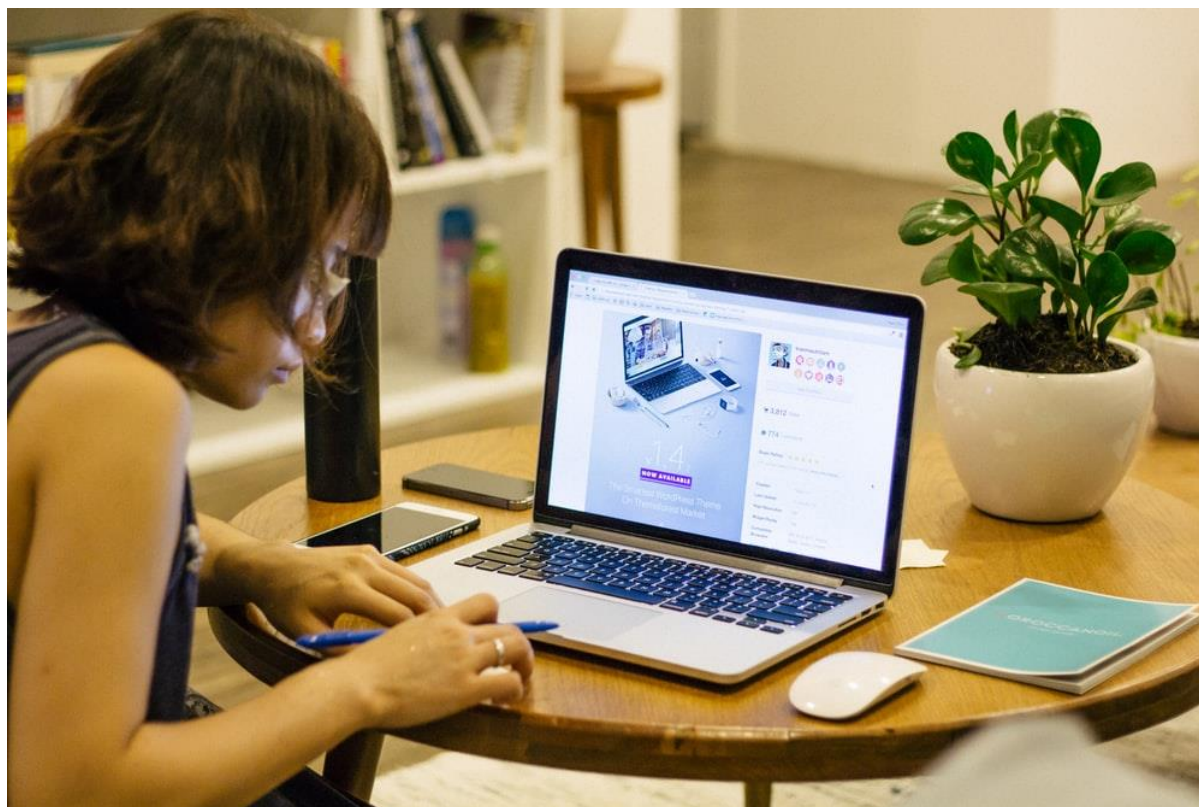
The **ASEAN SME Academy** was launched in 2016 and hosts curated courses to provide self-paced training to enhance ASEAN MSMEs. Topics covered include financial management, human resource, operations, logistics, and technology including digitalisation. The ASEAN SME Academy is maintained by the Philippines in partnership with the US–ASEAN Business Council Institute.

The **ASEAN Mentorship for Entrepreneurs Network** project was a public-private partnership implemented in collaboration with ASEAN Business Advisory Council Philippines. It was piloted in Indonesia, Malaysia and the Philippines. Through the project, a set of mentoring modules consisting of 10 topics, and a mentors training framework, were developed and tested with 127 mentees from the pilot countries. A pool of 48 mentors was also established from the three pilot countries.

The **policy handbook *Strengthening Women's Entrepreneurship in ASEAN*** was published in 2017 to provide insight on the driving forces behind women's economic participation and entrepreneurship. It provided policymakers with recommendations on a range of policy levers and good practices that can help unleash women's full potential.

## 4.2 Understanding the Progress Made

This section examines the relevance of desired outcomes at the regional level, sustaining the benefits of progress already made, and the effectiveness of SAP SMED 2025's key performance indicators and monitoring and evaluation system.



Woman browsing on her laptop in Ho Chi Minh City, Vietnam. Source: [Unsplash](#)

### 4.2.1 Relevance of desired outcomes at the regional level

SAP SMED 2025 has made significant progress in implementing MSME development initiatives covering technology and innovation, access to finance, access to markets, enhancing policy and regulatory environments, and human resource development. The Action Plan is also centred on strengthening the foundations of AMS support for MSMEs.

As the COVID-19 situation evolves and climate change threatens to disrupt the availability of supplies and production capacities, some of the desired outcomes of the Action Plan should be refined or reprioritised to help improve business resilience and operational continuity.

Key informants from the private sector noted that the Action Plan needs to have more concrete and sustainable projects and products that lead to direct benefits for a wider group of MSMEs. Country champions need to strongly advocate for implementation and maintenance, with support from other national agencies. The institutionalisation of action line outputs is key to achieving successful outcomes and sustainable benefits.

Many informants noted that the current benefits of SAP SMED 2025 implementation are not being felt by MSMEs as the end beneficiaries. Achieving this goal may require a focus on more practical and actionable projects rather than one-off studies or pieces of research. This may

require fewer, longer-term programmes that support AMS to effectively implement initiatives so that the benefits are realised by MSMEs. It may also mean that initiatives should be designed to be scalable so they can provide longer-term benefits to more MSMEs across the region.

Participants highlighted the challenge of translating research evidence to the local context or for immediate action, which requires additional coordination and resources at the national level. Informants also noted that research studies quickly lose relevance in a rapidly changing world. Ensuring that captured information remains up to date requires resources and effort to review and update the content.

Some key informants believed the high number of action lines could contribute to duplication and gaps in some areas. Consultations revealed interest in reviewing the Action Plan to streamline areas and reduce duplication or delete lines that are no longer relevant, therefore freeing up resources that can be redirected to ongoing initiatives.

### ***Alignment of national MSME strategies and policies***

Many countries have referenced SAP SMED 2025 in their national SME strategic plans or master plans (e.g. Myanmar, Lao PDR, Vietnam, Indonesia and Thailand), while others align or include some SAP SMED 2025 elements in their national plans (e.g. Malaysia, Philippines and Singapore).



In **Malaysia**, the National Entrepreneurship Policy 2030 (NEP 2030) shares similarities with the Action Plan and benefits Malaysia in spurring MSME growth and expansion in the ASEAN region. Malaysia is currently in the process of developing a detailed action plan for NEP 2030 and finalising the 12th Malaysia Plan (2021–2025). The Action Plan would be a useful guide to ensure that Malaysia’s focus and desired outcomes complement as well as contribute to ASEAN’s goals. This ensures good coherence and harmonisation between MSME strategies and policies at the national and regional levels.

In the **Philippines**, the MSME Development Plan 2017–2022 is closely aligned with the Action Plan. Both plans share a common vision in creating more globally competitive, resilient and innovative MSMEs. Similar to the approach of the Action Plan, where country champions were identified for each strategic goal, the Philippines MSME Development Plan 2017–2022 has also identified committees that will lead the implementation of actions under each strategic goal.







**Singapore's** enterprise development strategy is aligned with the Action Plan's five strategic goals, especially Strategic Goal C: Enhance Market Access and Internationalisation. Enterprise Singapore, the government agency championing enterprise development, works with enterprises to capture new market shares through upgrading and innovation, adopt new technologies to improve productivity, facilitate expansion into overseas markets, and strengthen leadership capabilities to build a talent pool. There is a strong alignment between national enterprise development strategy in Singapore and the key strategic goals of SAP SMED 2025.

#### **4.2.2 Progress made towards desired outcomes and sustaining the benefits**

SAP SMED 2025 effectiveness is determined by the extent to which the outputs are contributing to the programme's desired outcomes.

Key informants raised the need for a mechanism to monitor the effectiveness of programme contributions towards desired outcomes. There is broad consensus that a clear logic model could be useful to track the achievement of short- and medium-term outcomes, and determine the success of SAP SMED 2025 at its conclusion. This can be captured within a performance measurement framework.

##### ***Sufficiency of actions and action lines***

AMS considered the proposed action lines in the Action Plan to be purposeful and relevant to all AMS. While some action lines are not relevant to their needs, all action lines retain some level of importance to at least a few of the AMS. It will be important that AMS take the opportunity to reprioritise some action lines to focus on emerging needs and economic recovery efforts. This reprioritisation will be beneficial considering the ever-changing business landscape and global context. This includes changes in national priorities that have a collective impact, and global developments and megatrends such as the fourth industrial revolution, the digital economy, the United Nations Sustainable Development Goals and the circular economy. The process will ensure that the proposed initiatives stay relevant and allow AMS to respond to these issues at a practical level. The ACCMSME might wish to consider prioritising some actions or action lines depending on urgency and context.



Young entrepreneurs brainstorming business ideas. Source: [Shutterstock](#)

### ***Sustaining the benefits***

Most actions and action line outputs address the foundations of the MSME economy and will deliver sustainable benefits if implemented at the national level by policymakers. Accessing knowledge portals and information on best practices, such as the ASEAN SME Academy and the ASEAN SME Service Centre (rebranded to ASEAN Access), will deliver ongoing benefits to the MSME sector, provided they can be maintained and kept up to date.

Action lines that are aligned with AMS national initiatives will most likely deliver sustainable benefits to target stakeholders. However, some countries are currently struggling to implement these at the national level due to resource constraints and limited capacity.

Initiatives including capacity-building sharing sessions, mapping of all AMS local conditions, and outreach or facilitating network sessions allow AMS to monitor ongoing efforts to enhance regional MSME development. They have been useful in increasing the ACCMSME's understanding of key issues surrounding MSME development, as well as ongoing national efforts. The ACCMSME could consider building on existing initiatives at the regional and national levels to develop new initiatives that would generate more tangible and practical outcomes.



Woman in the market pays for goods using cashless digital facilities in Banten, Indonesia. Source: [Shutterstock](#)

### ***Implementation efficiency and resource use***

Feedback from key informants indicated that the programme was efficiently implemented and coordinated by the ASEAN Secretariat, with good communication and efficient use of resources. Nonetheless, there was still an overall perception and expectation that progress could be improved, with most AMS rating progress as satisfactory.

With the COVID-19 pandemic, AMS have redistributed substantial resources towards priority economic recovery programmes. ASEAN may need to consider alternative resources to address current limitations presented by the COVID-19 crisis.

### ***Effectiveness of actions and action lines***

While most ACCMSME representatives acknowledged satisfactory effectiveness of implementation arrangements, they also noted the absence of a systematic mechanism to determine the success of SAP SMED 2025. ACCMSME members acknowledged that outputs were not monitored post-implementation to identify whether emerging outcomes had resulted.

Many key informants agreed on the need to revise the action lines to reprioritise desired outcomes and sunset those no longer relevant. While most key informants rated overall implementation progress as satisfactory, they also felt more could be done to accelerate SAP SMED 2025's progress given the current economic climate. During the consultations, it became clear that many key informants had little knowledge of how SAP SMED 2025 had directly benefitted MSMEs.

While the monitoring of the SAP SMED 2025 could be improved in key areas to determine the degree to which it has achieved its outcomes, there was a general agreement that SAP SMED

2025 is achieving some immediate outcomes in terms of policy uptake and alignment of plans and policies at the national level. Some specific examples are:

- SAP SMED 2025 implementation has contributed to over 100 initiatives supporting MSME development. Holistically, about 100,000 MSMEs and 300 enablers (providing support to MSMEs), including programme and portal beneficiaries, have benefited from the initiatives. Through the Action Plan, six portals have been deployed for public access, while 30 documents were produced for MSME enablers to reference.
- The ASEAN Secretariat has a good monitoring report on the completed actions and action lines of the Action Plan. The ASEAN SME Policy Index 2018 is an analytical tool to review, track and identify gaps in MSME development and implementation. Many countries have applied this framework to assess whether their policies, programmes and institutions in the country support MSME development in the region.
- In ASEAN, AMS are tackling the informal MSME sector from different perspectives as part of the Action Plan's inclusiveness pathway.

### ***Implementation delays***

Key informants recognised implementation delays were mostly related to internal approvals in decision-making processes. Standard operating procedures to manage ASEAN cooperation projects also require extensive consultation time.

Policy exchange at the ACCMSME level is good but needs more in-depth discussion (for instance, of good practices, success factors and lessons learned) for better understanding and adoption, adaptation, and implementation at the national level.

### ***Coordination and collaboration***

Ineffective communication between the ACCMSME, ASEAN sectoral bodies, and the private sector is evident in the consultation process and workshop responses. Some key informants commented that the workshops were their first exposure to SAP SMED 2025 and felt unable to comment on the mid-term review key evaluation questions. Others had experienced limited engagement during implementation, partly due to frequent staff turnover within ASEAN.

Generally, ACCMSME representatives commended the ongoing communication and coordination between ASEAN Secretariat and ACCMSME representatives. The ASEAN Secretariat is efficient in performing its role, which improves the effectiveness of coordination in activity implementation. However, the SAP SMED 2025 should have a communication and engagement strategy to ensure relevant stakeholders are aware of opportunities to collaborate, and to reduce duplication of effort between programmes.

At the national level, coordinating mechanisms significantly differ depending on the focal point. Institutionalised arrangements and high-level mechanisms for MSME development strategy and policy coordination are well placed in each of the regional economies. However, the number of allocated resources, and the intensity and coverage of coordination mandates, vary among AMS, especially those at different stages of development and with different institutional capabilities. Excellent examples of coordination and collaboration are highlighted in boxes 1 and 2.



### Box 1. Philippines – Coordinating SME Development and Promotion

The Philippines has a formalised governance structure through an MSME Development Council, which is chaired by the Secretary of the Department of Trade and Industry. It includes stakeholders from the private sector, academia and government agencies, and leads implementation of the five strategic goals of the MSME Development Plan 2017–2022. While the council formulates MSME promotion policies and provides oversight in implementing MSME programmes, some government and private sector partners are tasked with leading or handling relevant projects. For example, the Department of Science and Technology leads the ASEAN Business Incubator Network, Philippine Trade Training Center leads the ASEAN SME Academy, and ASEAN Business Advisory Council Philippines leads the ASEAN Mentorship for Entrepreneurs Network.



### Box 2. SME Policy Coordination in Singapore

Enterprise Singapore is the lead agency promoting enterprise development on the ACCMSME platform in Singapore. It takes a whole-of-government approach, which involves engaging relevant stakeholders including ministries, statutory boards, industry players, sectoral leaders, trade associations and chambers of commerce. Accessing their industry knowledge enables Enterprise Singapore to adopt a holistic perspective when planning, designing and developing initiatives under the Action Plan.

Beyond the public sector, Enterprise Singapore adopts a whole-of-nation approach that actively engages the ecosystem and relevant stakeholders. By seeking the views of different stakeholders within and beyond the government, Enterprise Singapore has ensured alignment of its efforts during the implementation of the Action Plan. The strong partnership between government, trade associations and chambers of commerce, unions and industry has also allowed Enterprise Singapore to support homegrown enterprises and strengthen the business ecosystem.

#### 4.2.3 Effectiveness of the key performance indicators and monitoring and evaluation system

Two issues with the key performance indicators used to monitor the impact of SAP SMED 2025 highlight the difficulty of collecting reliable data against indicators for most countries, and the difficulty of attributing programme and project implementation towards changes at the national level.

More cost-effective methods could be used to track the extent to which SAP SMED 2025 is achieving successful outcomes. These include:

1. **Selecting individual action lines and tracking the contributions they are making to MSME development through implementation at the national level.** This approach can then be used by all AMS as a practical example of what works and what does not.
2. **Commissioning sample surveys of targeted MSME sectors (or supply chains) over the course of the programme and for key locations and industries.** Sample surveys are used to specifically focus on critical interventions to understand whether they are working and under what conditions.
3. **Using a scorecard approach (or dashboard) based on the successful implementation of policies and practices at the national level.** Countries rate themselves on the degree to which key initiatives have been successfully implemented and are contributing to MSME development.

The ASEAN Secretariat is doing a good job of monitoring progress up to the output level. This should continue to provide ACCMSME representatives with information on how well the programme is allocating resources and completing quality outputs.

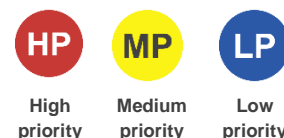
Formalising the informal sector will have significant implications on what can be monitored at a national and regional level, and offers opportunities to capture information through administrative processes.

## 5 Recommendations

The following recommendations for implementation are suggested and prioritised as high, medium and low, based on the mid-term review's analysis and feedback from ACCMSME members.






### 5.1 Improving Relevance and Coherence

Key:



- |   |    |
|---|----|
| 1. Readjust priorities to align with the changing context and emerging business models.   | HP |
| 2. Realign resources towards the top 3 priorities for the region in the next five years.  | HP |
| 3. Identify specific opportunities in the areas of the fourth industrial revolution, the digital economy, smart manufacturing and the circular economy and propose relevant initiatives and projects to harness them so that MSMEs could benefit from them in the long run.   | HP |
| 4. Learn from the COVID-19 pandemic: ASEAN Member States should ensure that their crisis management skills are relevant and adaptable to changes.   | HP |
| 5. Conduct an annual review of SAP SMED 2025 to respond better to evolving global and regional trends, including assessing the effectiveness of each initiative in contributing to desired outcomes and strategic goals.  | MP |
| 6. Identify which projects require long-term, consistent maintenance to maintain their relevance and usefulness, and assess funding requirements for ongoing support. Develop strategies to enable informal sector MSMEs, with a particular focus on supporting women-led businesses, to access available facilities, services and incentives and contribute to countries' tax bases. | MP |
| 7. Improve preparedness and readiness of MSMEs for new opportunities and challenges arising from the Regional Comprehensive Economic Partnership (RCEP), especially concerning impacts and anticipation of future challenges.   | LP |
| 8. Develop strategies for formalising the informal sector MSMEs so that they can access the available facilities, services and incentives and contribute to the countries' tax base.  | LP |




## 5.2 Improving Implementation Effectiveness

1. Ensure ongoing projects are adequately resourced, with demonstrated institutional ownership, to ensure benefits can be sustained. 
2. Increase focus on practical and tangible (multi-year) projects that have both government and private sector champions to support their implementation and scale-up. 
3. Identify best practice examples of how SAP SMED 2025 outputs have been successfully implemented and adopted to achieve results, as well as examples of good practice. 
4. Conduct a review of the ACCMSME, relevant sectoral bodies and committees, and private sector representatives to remove duplication and to streamline efforts. 
5. Ensure that each action line and related project activity clearly articulate the intended short- and medium-term outcomes, and maps out how these pathways will be achieved and how benefits will be sustained. 

## 5.3 Improving efficiency of implementation and use of resources

1. Develop a communication and engagement strategy for SAP SMED 2025 to enhance coordination, reduce duplication, gain greater commitment from government and private sector champions, and raise awareness of the progress of SAP SMED 2025 and its impact. 
2. Strengthen coordination between the ACCMSME and ASEAN sectoral bodies, as well as between the ACCMSME and various private sector groups, such as young entrepreneurs associations, women entrepreneurs associations, ASEAN Women Entrepreneurs Network, etc. 

## 5.4 Improving Monitoring and Evaluation

1. Establish a more robust monitoring and evaluation (M&E) system to measure short- and medium-term outcomes. 
2. Incorporate M&E frameworks into new project design to indicate how the project will contribute to desired outcomes. This will include identifying short-term outcomes and relevant key performance indicators. 
3. Redesign the SAP SMED 2025 implementation roadmap with an inherent logic to identify and prioritise interventions or projects, and to indicate the expected short-term outcomes from each project. 



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