



Working Group Meeting Report

As of 30 August 2021

1. Background

The global community is distressed with the biggest crisis, caused by the sudden and rapid spread of Covid-19 virus. As the lockdown measures introduced by many governments were necessary to curtail the spread of the virus, businesses and industries have had to face huge financial and operational stress, particularly the micro, small and medium-sized enterprises (MSMEs).

In the Association of Southeast Asian Nations (ASEAN) and the plus-three countries, MSMEs are considered as the backbone of the economy as these entities sustain the livelihoods of millions of people and form the fabric of many ASEAN member states. They account for 88.8-99.9% of total establishments and 51.7%-97.2% of total employment¹. As such, MSMEs contribute to better income distribution and more inclusive growth. However due to their limited resources, existing obstacles in accessing capital, and other constraints, MSMEs are mostly sensitive and fragile to external shocks, such as financial crises, disasters, and now the impact of the pandemic.

To mitigate the impact of the pandemic, ASEAN Member States (AMS) and ASEAN Plus Three (APT) countries have made efforts to strengthen the resilience of enterprises as well as rolled out substantial policy measures to assist MSMEs remain afloat and navigate through the crisis. The following APT documents recognize and highlight the importance of MSMEs and the need to leverage on technologies and digital trade in order to sustain operations during the pandemic:

- Joint Statement of the Special ASEAN Plus Three Summit on Coronavirus Disease 2019 (COVID-19) issued on 14 April 2020;
- ASEAN Plus Three Economic Ministers' Joint Statement on Mitigating the economic Impact of the Covid-19 Pandemic issued on 4 June 2020;
- ASEAN Plus Three Plan of Action on Mitigating the Economic Impact of the Covid-19 Pandemic was formulated on 25 August, 2020;
- ASEAN Plus Three Leaders' Statement on "Strengthening ASEAN Plus Three Cooperation for Economic and Financial Resilience in the face of Emerging Challenges" adopted on 14 November 2020; and

¹ <https://asean.org/asean-oecd-release-policy-insight-boosting-resilience-msmes-amidst-covid-19-pandemic/> (date accessed July 19, 2021)



- Chairman’s Statement of the 23rd ASEAN Plus Three Summit issued on 14 November 2020, specifically under the Review and Future Direction of APT Cooperation.

2. Working Group meeting

Given the above context and after internal consultations with relevant stakeholders (i.e. ASEAN Matter Technical Board government agencies and academic experts), NEAT Philippines² proposed and convened the Working Group meeting with the theme “*ASEAN Plus Three (APT) Cooperation on MSMEs: Accelerating Digital Adoption to Thrive in the New Normal*” held virtually last 21 July 2021. Among the objectives are:

- To provide a venue for knowledge sharing and exchange of best practices on policies and programs on accelerating MSME digitalization and enhancing participation in the digital economy among APT countries, and
- To discuss policy recommendations to accelerate the MSMEs digital adoption and enhance its participation to the digital economy to thrive in the new normal under the APT cooperation on MSMEs;
- To review existing MSME APT regional cooperation initiatives and mechanisms to advance MSME digitization and enhance MSME participation to digital economy;
- To contribute to Brunei Darussalam’s Priority Economic Deliverables under Digitization through undertaking collaborative research by documenting the status of MSME digitization and their participation in the digital economy.

The said meeting was attended by 32 participants from 11 APT countries (Cambodia, China, Indonesia, Japan, Korea, Lao PDR, Malaysia, Philippines, Singapore, Thailand, and Viet Nam). The highlight of the meeting is the presentation of research outcomes. Divided into 3 sessions, nominated experts presented their research findings, some shared country level experiences while others provided some regional perspectives on the above-mentioned theme. In general, the experts affirmed the important contribution of MSMEs in their respective countries. While the Covid-19 pandemic has had a significant negative impact on MSMEs, it has also provided opportunities for them to shift to digital solutions and accelerate the digitalization of business processes. However, there are common constraints and challenges that need to be addressed for MSMEs to fully harness the benefits of digitalization.

² With the Philippine Institute for Development Studies (PIDS) as the lead institution since 2003 for NEAT 2021 hosting, this is in partnership with the Department of Foreign Affairs (DFA) Philippines, University of the Philippines Asian Center (UP Asian Center), and the Foreign Service Institute (FSI) Philippines.



Limited technology and digital infrastructures and the lack of awareness and appreciation of MSMEs on the alternatives are some of the barriers to adoption.

The third and fourth parts of this report will focus on the recommendations from the experts in accelerating the digital adoption of MSMEs in the new normal. The Secretariat divided the recommendation into two parts: Capacity building and creation of an enabling environment. These recommendations served as the basis for the NEAT Philippines conclusion. The last part of this report contains the logistical arrangement of this WG.

3. Policy Recommendation: (1) Capacity Building and Education

The bulk of the recommendations from the experts focused on the need to equip all stakeholders with relevant skills and capacities to accelerate digital adoption to thrive in the new normal. They emphasized that capacity building, and best practices in APT countries, need to be center-stage in strengthening the MSMEs. The varying level of digitalization among MSMEs would need targeted training interventions. They further highlighted that the governments should collaborate with relevant stakeholders such as the academics, businesses, and communities in order to implement the capacity building efforts. These trainings may support the removal of obstacles in using digital services and to develop the trust of MSMEs to fully participate in the digital economy.

Therefore, they recommended that there should be:

- 3.1. access to the targeted trainings on:
 - a. improved marketing and sales skills in an environment shifting towards online commerce, the use of social media, new advertising platforms and mixed marketing;³
 - b. e-bill, e-payment, mobile money, digital trade facilitation, e-customs, intellectual property rights, safety and security of transaction and so on;
 - c. integration into the digital trade and economy, access to digital infrastructure such as fintech, cybersecurity⁴, blockchain, protection of private data, cross-border data, tax imposition on digital transactions;

³ Skills enhancement in creating impactful online presence such as digital literacy, and competencies in marketing and advertising will help businesses to become more competitive in the online market space. Skills needed in management for strategic planning and for finding market niche will help businesses to immediately respond to the challenges and opportunities presented by shocks and disruptions

⁴ It is imperative to strengthen cybersecurity, to protect confidential information, and to put in place penalties on fraudulent behavior. MSMEs are likely to be prime targets due to their lack of the necessary resources and security policies to defend against cyberattacks, as well as lack of general knowledge about best practices;



- d. business processes, corporate governance, financial management, business strategy planning, and adaptive management;
 - e. improving the competitiveness of MSMEs' products, particularly around attaining price premia through advances in image and brand identity, certifications and standards; and'
- 3.2. targeted intervention for women- and youth-led businesses, and micro and small enterprises in terms of innovation which will equip these businesses with knowledge and technical know-how in the creation of product and service portfolios suitable and adaptable to the needs of the market;
 - 3.3. inclusion of digital literacy in formal education and creation of open curricula about data science, the internet of things, Distributed Ledger Technology (DLT), blockchain and digital payments. Academic institutions and professional communities can play a leading role in building digital workforce capacity in their countries; and
 - 3.4. provide online seminars and other outreach activities, preferably tailored to MSMEs in different sectors, with very specific instructions on how to apply, question and answer (Q&A) sessions and a frequently asked questions (FAQ) chat rooms relating to COVID-19 support measures.

4. Policy Recommendation: (2) Creating Enabling Environment

Further to the recommendations focusing on capacity building, the experts identified recommendations for APT countries, the region, and the MSME sector to aid in accelerating the digital adoption of MSMEs.

4.1. APT Governments

According to the experts, the governments of the APT countries should:

- a. Infrastructure
 - strengthen ICT infrastructures in those areas and segments that are already connected and bring new connectivity to unconnected and underserved areas and segments;
 - invest in digital infrastructure development and education in order to address the issue of digital divide and promotion of digital trade;
- b. Campaign and Partnerships
 - create demand for MSME products through: e-government procurement, national campaign to buy locals and encourage partnership with large enterprises. Also, to initiate an onboarding program for MSMEs by several ministries in collaboration with existing market places. If the government already has self-initiated e-commerce platform, the government should assess its state to harness network



effectively so that its community of sellers and users are on par with the currently popular online stores;

- collaborate with business and civil society to create the rules and mechanisms for checks and balances to maintain justice, competitiveness, fairness, inclusiveness, safety, and reliability;

c. Policies and Laws

- strengthen laws and regulations specifically on fintechs, data privacy, consumer protection, business competition, among others;
- Maximize its digital economy and a digital society since a substantial portion of the APT's population now own broadband devices (either fixed or mobile)⁵;
- tailor policies to promote MSME digitalization to the specific characteristics and digital needs of diverse MSMEs, such as matching MSMEs in need of certain digital services with reliable IT firms and experts who can provide tailored advice, so as to improve overall business performance;
- disseminate policies better, notably regarding the provision of specific guidance, processes and eligibility criteria to MSMEs;

d. Digital Economy and Services

- ensure that MSMEs are able to participate in Digital Free Trade Zones in general and not be left marginalized;
- pursue the establishment of a credit risk database, which can help in the development of credit assessment tools, in the designs and innovations of financial products and services, and in the efficient delivery of financial services;
- encourage the understanding and embrace of the new trends in business, changing consumer and client behavior, and priorities. These trends involve the use of e-commerce, fintech, digital value chains, social media, dynamic advertising, among others;
- adopt greener and more sustainable digital technologies to benefit the stakeholders in the long-run;
- facilitate cross-border transfer of information and data by electronic means for the development of the digital economy, as well as to strengthen consumer and business trust in the digital economy, while respecting both domestic and international legal frameworks and support ongoing negotiations on e-commerce at the WTO⁶;

⁵ Cloud services could make it possible to deliver innovative functionality at low cost; the COVID-19 pandemic has opened the eyes of policy-makers, regulators and businesses alike to the advantages of digitally enabling a wide range of economic activities

⁶ In order to unlock the full benefit of digital services, citizens and businesses, especially MSMEs, need to adopt and use these services.



e. ICT Skills⁷

- take a look into the issue related to lack of skilled workers in ICT. Priorities should be given to enable skilled labor mobility within the region in the medium term to support the booming digital economy and its ecosystem ;
- develop career paths with appropriate evaluation, recognition and reward mechanism for building a skilled workforce relevant to Distributed Ledger Technology (DLT)⁸; and
- equip civil servants to be ICT literate.

4.2. APT as a Region

The experts identified the following recommendations for the APT region as a whole. The experts mentioned that the APT region needs:

- a. to have a common regulatory framework and regulatory harmonization to encourage large players to serve the local economy and prevent their abuses; and
- b. to revisit existing restrictions on data sharing and data transfer beyond its borders⁹.

4.3. Business Sector or the MSMEs

To thoroughly create an enabling environment, the MSMEs should also do their part by:

- a. utilizing the ICT technologies available for their business. They should have appropriate computer equipment, ICT literate workers and appropriate computer programs to be applied for the production and trading process for the company;
- b. encouraging MSME managers to have strategic planning. This may include diversifying their sources of critical supplies as well as sources of revenues. The hope is that enterprises will come out of COVID-19 more mindful of risk, and more robust in their business planning;
- c. having strong collective voice through business associations which will help enterprises, especially the smaller ones, to access information on markets and state-led assistance and to connect with other business networks and other players in the supply chain;
- d. exploring new markets and new products, as well as new ways of operating, in a bid to overcome - or at least mitigate the difficulties caused by - the pandemic; and
- e. guiding MSME owners and managers to examine ways in which they interact with individuals and organizations outside their immediate business networks

⁷ This will be discussed further on the third part of this paper.

⁸ Similar to those for accountants, financial analysts and engineers, independent professional organizations can help construct standard criteria for the workforce, and they can authorize certificates for distinguished professionals on DLT.

⁹ It is an important component of digital trade which includes how tax is calculated for these enterprises and how data is shared within the eco-system, inclusive of data shared with the authorities and players beyond the national border.



5. Conclusion

Given these recommendations by the experts, the NEAT Philippines proposes these two recommendations for the APT governments:

- a. Continuously develop, improve, and effectively and efficiently implement capacity building programs for all the stakeholders involved in the digitalization of MSMEs; and
- b. Closely collaborate with all the stakeholders to develop and sustain an enabling environment for MSMEs to thrive in the new normal.

These are the two policy recommendations the Secretariat wants to submit to the NEAT Country Coordinators Meeting.

6. Logistical Summary

You may find the following logistical documents on the appendix:

- a. Guide Questions;
- b. List of Abstracts and Bionotes;
- c. Program flow during the WG meeting;
- d. List of Attendees;
- e. Official press release on the working group (you may access it via <https://neat.org.ph/index.php/ue2021>)



Appendix A: Guide Questions

NEAT Philippines Working Group on MSMEs

Theme: ASEAN Plus Three (APT) Cooperation on MSMEs: Accelerating Digital Adoption to Thrive in the New Normal

The Country Coordinators' may nominate expert/s on MSMEs from their countries to participate to the working group and workshop to be scheduled. Each participant is expected to provide a write-up (of around 3,000 words) using the following questions as a guide:

| | Questions |
|---------|---|
| Country | <ul style="list-style-type: none"> • What are the policy and infrastructure environments in support to MSMEs digitization and participation to the digital economy in your country? You may share some best practices on policies, programs, and initiatives to accelerate MSME digitization and enhance participation in digital economy. • What are the opportunities, barriers or challenges confronting MSMEs to scale up digital adoption in their business operations/processes and to participate in the digital economy? • How different are the capacity building needs/requirements of micro enterprises vis-à-vis small-medium enterprises for them to enable and advance digitization of business operations/processes? • How do the MSMEs in your country cope with the COVID-19 pandemic? How does e-commerce and fintech affect their performance during the pandemic? What are the best practices and challenges? • Are there gender related issues in MSME digital adoption in your country? How have these issues become barriers or opportunities to advance the development of women-led and/or women-owned enterprises? • How will MSMEs in the future look like? How long term are MSMEs adapting to COVID-19 pandemic? |
| Region | <ul style="list-style-type: none"> • What are the existing APT mechanisms and initiatives for regional cooperation that will promote MSME digitization and enhance MSME participation to digital economy (i.e. marketing platforms, digital payments platform, digital literacy programs and capacity building initiatives/technical assistance for micro vis-à-vis small-medium enterprises)? If possible to identify the gaps and propose the next steps. • How can RCEP be used to support participation of MSMEs in the digital economy? • What are your concrete and practical policy recommendations for regional cooperation among the APT countries to advance MSME digitization and enhance participation in the digital economy? What instruments, technologies, infrastructures can the region develop to fully aid the MSMEs digitization and integration in international markets? Enumerate at least three (3) recommendations • Are there gender related issues in MSME digital adoption in ASEAN and APT level? |



Appendix B: List of Abstracts and Bionotes

Session 1: Sharing of Results and Recommendations

Moderator: Dr. Josef Yap

Senior Technical Advisor, ASEP-CELLS Project, Ateneo School of Government

Presenters:

- 1. Prof. Anyu Lee, China, Deputy Dean, the Institute of Regulatory Science for Medical Devices, Sichuan University**

Title: Regulatory consideration of digital economy

Abstract: Digital economy has overtaken the traditional one as the key growth engines of many countries in the world. Internet retails of various kinds are the fastest growth sectors of domestic economies and the cross-border eCommerce become the most important mean of international trade. The major players of Digital economy develop platforms with highly efficient transaction and distribution capabilities for merchants and user-friendly convenience for consumes. Because of the nature of internet technology, these players are usually global and dominant. On the other hand, we also observe the challenges as the following: 1. Consumer protection; 2. Unfair practices; 3. Digital security. Regulation of the key players is necessary to keep this digital revolution healthy and beneficial for all stakeholders.

Bionote: Dr. Anyu Lee, President, eBridgeChina Research Institute, Beijing, China; Executive Director, Institute of Regulatory Science for Medical Devices, Sichuan University. Research interest: Regulatory science, eCommerce, digital security; Education: Phd, Electrical Engineering, Stanford University; Past career: Executive Director, Shenzhen Research Institute, University of International Business and Economy, China; Director, eCommerce Technology Research Center, China Academy of Sciences, China.

- 2. Dr. Zakir Mahmud, Indonesia, Director, the UKM Center, Faculty of Economics and Business, Universitas Indonesia**

Title: Digitizing MSME in Indonesia During the Pandemic: Opportunities, Challenges and Policy Responses

Abstract: It has been widely acknowledged that MSMEs are the lifeblood of Indonesia's economy. Not only do they dominate the business landscape, but they also significantly contribute to GDP, and in employment creation in the country. In addition, their socio-economic role as a safety net during the shock cannot be



neglected. Given such a strategic role, the empowerment and development of MSME is essential. The COVID-19 pandemic has triggered two damaging crises – health crisis and economics crisis all over the world. Government’s containment policies (e.g. lockdown, social distancing, mobility restriction, self-isolation) to address health issues, regrettably bring along an undesirable economic impact, particularly for MSME. In brief, the implementation of such policies disrupts MSMEs supply chain relations with their suppliers and consumers. To restore the relationship, it is imperative for MSME to go digital. However, the process of digitizing MSME is not an easy task, especially when the majority are micro enterprises. The paper discusses some opportunities, challenges and policy responses.

Bionote: Mr. Zakir Machmud is currently the Managing Director of UKM Center (UKMC), a center of excellence in the Faculty of Economics and Business University of Indonesia (FEB UI) that focuses its activities on the empowerment and development of MSME. Prior to this assignment, he served several positions as Managing Director of LPEM (The Institute for Social and Economic Research) FEB UI (2011 – 2013), Senior Advisor in J-PAL SEA (Jameel Poverty Action Lab South East Asia) (2014 – 2015), Executive Director of UNIED (University Network for Indonesia Export Development) (2018 – 2020) and Advisor to Minister of Industry (2014 – 2019). Apart from his assignments, he is also an active lecturer at FEB UI for undergraduate, post graduate and public policy programs. He completed his PhD degree from University of South Australia, Master degree in Economics from University of Adelaide, Australia and Bachelor of Economics from University of Indonesia. Mr. Machmud’s research area of interest covers SME, industrial economics, competition economics, applied microeconomics and macroeconomics.

3. Dr. Masahiro KAWAI, Japan, Councilor and Distinguished Research Fellow, Japan Forum on International Relations / Representative Director, Economic Research Institute for Northeast Asia

Title: Promoting the digitalization and digital transformation of MSMEs in Japan and the ASEAN+3 region

Abstract: This paper examines the challenges of MSME digitalization in ASEAN+3 countries, including in Japan, and provides policy recommendations. The Japanese case shows that the adoption of digitalization is high for large firms and low for small firms within the MSME sector. Major challenges include: the widespread analog culture within a firm; no clear corporate objectives; lack of IT literacy and appropriate IT tools; and inadequate financing. Given that closing the digital knowledge gap for lagging MSMEs is key, Japanese government policies have focused on matching MSMEs in need of digital services with IT firms and experts who provide tailored advice on the introduction of needed digital services on a firm-by-firm basis.



Challenges for the ASEAN+3 region are: the digital divide among countries due to inadequate ICT infrastructure in some countries; regulatory barriers to the development of digital services; and digital literacy among MSMEs.

The paper provides policy recommendations to promote MSME digitalization in the ASEAN+3 region. The most basic point is to improve the business environment for, and policies targeted to, MSMEs. Specific recommendations are to: strengthen ICT infrastructure; remove obstacles to using digital services through better digital literacy, skills, access and affordability; promote access to finance; and encourage participation in international trade and networks through e-commerce. A case-by-case policy support is needed to promote digitalization for MSMEs, such as improving digital literacy for lagging MSMEs and encouraging digital transformation (DX) for advanced MSMEs.

Bionote: Dr. Masahiro Kawai holds a BA in economics from the University of Tokyo and an MS in statistics and a PhD in economics from Stanford University. Dr. Kawai began his professional career as a Research Fellow at the Brookings Institution and then taught economics at The Johns Hopkins University and the University of Tokyo. Dr. Kawai also served as: Chief Economist for the World Bank's East Asia and the Pacific Region; Deputy Vice Minister of Finance for International Affairs and President of the Policy Research Institute of Japan's Ministry of Finance; Special Advisor to the Asian Development Bank (ADB) President; and Dean and CEO of the ADB Institute. While teaching at the University of Tokyo as Professor Emeritus, he is currently serving as a Councilor and Distinguished Research Fellow of the Japan Forum on International Relations (JFIR) and heading the Economic Research Institute for Northeast Asia (ERINA). He also serves as a Councilor of the Bank of Japan and a Senior Fellow of the Policy Research Institute of Japan's Finance Ministry.

Dr. Kawai's recent publications focus on Asian economic integration. He has published a number of books and more than 180 academic articles on international economics, money and finance, Asian economic integration and cooperation, and global economic governance.

4. Mr. John Paul C. Flaminiano, Philippines, Associate Director & Senior Economist, Asian Institute of Management Rizalino S. Navarro Policy Center for Competitiveness

Title: Journey to Recovery and the Next Normal for Philippine MSMEs

Abstract: This report aims to analyze the recovery journey of small businesses in the Philippines one year into the COVID-19 pandemic. This study builds on the previous findings of "The Road to Recovery and Resilience for Philippine MSMEs During the



COVID-19 Pandemic” to give a more complete assessment of micro, small, and medium enterprises (MSMEs) response strategies. As a follow-up to the previous MSME report, this study will focus on inclusive business activities, which is a critical solution to boost local economies and sustain post-pandemic recovery. The report will also investigate the trends and patterns of changing response strategies, such as digitalization and e-commerce, as small businesses gear up for the next normal.

Bionote: John Paul "Paul" C. Flaminiano is the Associate Director and Senior Economist at the Asian Institute of Management (AIM) Rizalino S. Navarro Policy Center for Competitiveness (RSN-PCC). He currently handles the Center’s research initiatives on SME competitiveness and workforce development.

He was a former Economist at AIM RSN-PCC. Prior to joining AIM RSN-PCC, he was a Research Associate consultant at the Economic Research and Regional Cooperation Department (ERCD) of the Asian Development Bank (ADB).

Paul obtained his MA Economics degree from the University of Ottawa. He also holds an MA Economics degree from the University of the Philippines School of Economics, and a BA degree majoring in Economics with a minor in Sociology from the University of Manitoba.

Discussant:

1. Dr. Joefe Santarita, NEAT Philippines, Asian Center, University of the Philippines

Bionote: Joefe B. Santarita is a Professor and former Dean of the University of the Philippines’ Asian Center (UPAC). He is also a faculty affiliate of the UP Open University ASEAN Graduate Studies Program and of the UP Tri-College Ph.D. Philippine Studies Program. Furthermore, he sits in the Editorial Board of the Asian Studies Journal, and Diliman Gender Review and currently serves as Associate Editor of the Plaridel Journal. Dr. Santarita has completed his doctoral degree in South Asian Studies from the National University of Singapore, his master’s degree in Asian Studies at the UPAC and his bachelor’s degree in History and Community Development from UP Visayas. His research interests and publications focus on Indian Studies, Migration Studies, ASEAN Studies, maritime history, and renewable energy. Moreover, Dr. Santarita was recipient of several awards and grants such as the Fulbright Scholar-in-Residence Program, German Academic Exchange Service, Southwest Pacific Dialogue Art and Culture Scholarship and Japan-ASEAN Youth Fellowship among others. He also received several awards including the University’s highest distinction for exemplary performance in teaching in 2019.

Session 2: Sharing of Results and Recommendations

Moderator: Dr. Aniceto Orbeta



Senior Research Fellow, Philippine Institute for Development Studies

Presenters:

1. **Dr. Choong Lyol Lee, Korea, Professor, Department of Economics, Korea University**

Title: Regional Cooperation in Digital Economy for SMEs in APT Countries

Abstract: We check the pre-conditions of the digital economy for SMEs in terms of hardware and software and find that SMEs of developing countries had difficulty to have them. Appropriate hardware and software have not been provided yet for them. High-speed internet networks, appropriate laws and regulation, equipment such as PCs and cash machines or capable workers with ICT literacy are not given to them. In some way, developed countries in the APT such as Korea and Japan may give assistance for developing countries to be equipped with this hardware and software. For example, it can help to have a law and regulation or to run an education program to reduce ICT

Bionote: LEE, Choong Lyol is a professor of Economics at Korea University, Sejong, South Korea. He acquired Ph.d in Economics from the Ohio State University (1992) and worked at the Korea Institute Finance as a research fellow for 6 years before moving to the university in 1998. He has held the post of deans of College of Business and Economics and College of Public Policy in Korea University at Sejong. He served as President of the Korean Payment and Settlement Association and Director General of the Korean Institute of Southeast Asian Studies. He has studied the financial market, payment and settlement industry and SME finance of developing countries, particularly, Southeast Asian countries as well as Korea for the past several decades. He wrote on the papers on the financial market and SME finance such as “Financial Accessibility and Economic Growth” and “Assessing the Financial Landscape for the Association of Southeast Asian Nations Economic Community”, “Profitability on Corporation Banks in ASEAN”, and many others. He participated into many projects to develop the financial market and industry of developing countries such as Guatemala, Honduras, Indonesia, Laos, Malaysia, Myanmar, Nepal, Nigeria, Thailand, and etc. In addition, he edited several books such as ASEAN-Korea Relations: Twenty-five Years of Partnership and Friendship (KISEAS, 2015) and Partnering for Tomorrow: ASEAN-Korea Relations (ASEAN-Korea Centre and KISEAS, 2017).

2. **Dr. Juita Mohamad, Malaysia, Research Fellow, Institute of Strategic and International Studies Malaysia**

Title: The Boom of Digital Trade and the Challenges Faced by MSMEs in Malaysia and ASEAN Post Pandemic



Abstract: The presentation will focus on the importance of the digital economy in a pandemic and post-pandemic world. To date, 98.5% of business establishments (more than 900,000) in Malaysia are MSMEs, with micro-enterprises making up 76.5% of this amount. Relevantly, SMEs employ about 66% of the workforce and contribute roughly 40% to the country's GDP. This, is generally the trend across ASEAN. While this being the case, there are obstacles for MSMEs to participate in the digital economy. Among them are the digital divide, lack of capacity and lack of skilled workers on the ground. Towards addressing these issues, policy proposals will be highlighted to ensure inclusiveness in digital trade in ASEAN and beyond. This includes improving internet access in rural areas, ensuring fair competition laws, reskilling talent, emphasising capacity building and best practices, among others.

Bionote: Dr Juita Mohamad is a Fellow in the Economics, Trade and Regional Integration (ETRI) Division of ISIS Malaysia. Previously, she has worked at the Asia Desk, OECD in Paris, at ISIS Malaysia, the Asian Development Bank Institute and Waseda University in Tokyo, Japan. She is also an Indo-Pacific Fellow at Perth US Asia Center. She holds a Ph.D. in International Studies from Waseda University, Japan. Her research focused on the impact of trade liberalisation on wage inequality between skilled and unskilled workers in Malaysia. She obtained her Master's Degree in Economics from Shiga University, Japan and her Bachelor's Degree in Business Administration from UKM. Her research interests include trade, regional integration, protectionism, wage inequality and the informal sector.

3. **Dr. Connie Bayudan-Dacuycuy, Philippines, Senior Research Fellow, Philippine Institute for Development Studies**

Title: MSMEs and their adoption of digital solutions: Challenges and support measures

Abstract: The ongoing pandemic has prompted businesses to shift to digital solutions like the use of online payment platforms, alternative financing schemes such as crowdlending, online advertisements, and online selling on social media or on established e-commerce platforms. While some enterprises have been agile in digitizing their ways of doing business, some are not financially capable and technically equipped to invest in connectivity, software, equipment, and devices needed to adopt digital solutions. This note looks into the opportunities and challenges in the adoption of digital solutions, and recommends some ways for businesses to fully harness its benefits.

Bionote: Connie is a development economist with a focus on issues related to gender and the family, poverty and social protection and structural transformation. She is currently a senior research fellow at the PIDS. Prior to joining PIDS, she was an



assistant professor at the Economics Department of the Ateneo De Manila University and a consultant to the Asian Development Bank. She obtained her Ph.D. in Economics at Kyoto University.

Discussant:

1. **Mr. Jovito Jose Katigbak, NEAT Philippines, Foreign Affairs Research Specialist, Foreign Service Institute Philippines**

Bionote: Mr. Jovito Jose Katigbak is a Foreign Affairs Research Specialist (FARS) II of the Center for International Relations and Strategic Studies (CIRSS) of the Philippine Foreign Service Institute (FSI). He undertakes policy-oriented research and analysis on trade and development-related matters, under the International Trade and Economics section. Mr. Katigbak has published articles on ASEAN integration, Philippine trade policy, internet economy, and sustainable development.

Session 3: Sharing of Results and Recommendations

Moderator: Dr. Francis Mark Quimba

Senior Research Fellow, Philippine Institute for Development Studies

Presenters:

1. **Mr. Liu Bojian, Singapore, Research Assistant, East Asian Institute**

Title: Blockchain as an Infrastructure of Multilateralism: Implications to East Asia Digital Economy

Abstract: For MSMEs in East Asia, lowering the cost of cross-border digital business has been facing five technical challenges: (1) payment, (2) financing, (3) logistics, (4) arbitration and (5) taxation. In the backdrop of the booming digital economy across East Asia, tackling those challenges requires multilateral coordination and technological solutions. Blockchain, also known for the distributed ledger technology (DLT), is promising in tackling above five problems. In the era where data can be decisive in economic development, blockchain is perhaps especially significant to small states who would otherwise be disadvantaged in a data shortage due to smaller populations and economic size. Blockchain's applications in data trading and financing may empower small states and small businesses with greater efficiency and transparency. Overall, this paper attempts to argue that, as an infrastructure balancing the efficiency and equality in decentralized approach, blockchain can strengthen multilateral institutions buttressing more robust trusts among states in East Asia.



Bionote: Bojian LIU is a Research Assistant at East Asian Institute at National University of Singapore. With a regional focus on Asia-Pacific, he is working on international digital governance from legal and political-economy perspectives.

2. Mr. Akkanut Wantanasombut, Thailand, Researcher, Institute of Asian Studies, Chulalongkorn University

Title: The Regulatory Dilemma: Thailand’s Digital Transformation in Retail

Abstract: As the COVID-19 situation continues, physical distancing is necessary. While the global economy sinks into a recession, the pandemic has accelerated a huge growth in digital retailing all over the world. In Thailand, not only traditional large retailers digitally transformed themselves, many new emerged MSME merchants and shoppers are also actively engaged with digital platforms.

Like many countries, Thailand makes efforts to promote e-commerce during the crisis. At the same time, the government has emphasized closing the gap of the digital divide and initiated regulations such as the antitrust, revenue code, personal data protection act, etc. to cope with e-commerce. However, regulations that are not well-adapted to e-commerce may create barriers to entrepreneurs.

This paper discusses the current issues on digital retailing transformation in Thailand. In particular, contradictions between traditional regulatory frameworks and the highly dynamic digital economy.

Bionote: Akkanut is currently working at the Institute of Asian Studies, Chulalongkorn University. After receiving his B.Eng. in Mechanical Engineering in 2002, he was active in various industries, such as construction, electronics, automotive, restaurant, and import-export. His career led him to travel throughout the Asian region and brought about a growing interest in the societies and cultures of his neighboring countries. He went back to school at Chulalongkorn University in 2011, where he received his M.A. in Southeast Asian Studies. He is a PhD Candidate in Thai Studies. His research interests include platform economy, cross-border e-commerce, digital economy, and future of work. During the peak of Covid-19 pandemic, Akkanut creates a project for motorcycle taxi drivers and street food vendors in Bangkok. By applying the solidarity economy framework, Akkanut and his team have created a community-based platform, the so-called ‘Tamsang-Tamsong’ which promote job security and digital literacy for the vulnerable.

3. Dr. Nguyen Anh Tuan, Viet Nam, Professor in International Economic, Deputy Director General, Institute of Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam, MOFA of Vietnam



Title: Viet Nam’s Micro, Small and Medium Enterprises in Post Covid-19: Overcoming Constraints and Accelerating Digital Adoption

Abstract: Micro, small and medium enterprises (MSMEs) play vital role in Viet Nam economy since they accounted for more than 98 % of all business, 40 % of GDP, and 50 % of total employment. Yet despite this, MSMEs in Viet Nam can face greater vulnerability to shared barriers as well as additional barriers to start up and/or expand their businesses. The barriers faced by MSMEs are further exacerbated in times of economic uncertainty and downturn, such as that currently being experienced as a result of the global COVID-19 pandemic. The unprecedented impact of the COVID-19 pandemic has been felt across Viet Nam and the business community since the beginning of 2020.

In response, MSMEs have been gradually looking for adaptive and innovative solutions to protect and pivot their business operations including setting up new ventures targeting changing market patterns and consumer behavior. As the initial catatonic-like shock of COVID-19’s impact starts to lessen, MSMEs are in search of business solutions that can equip and support them in the post-COVID-19 “new normal” position. The paper is intended to provide analysis on the depth and extent of COVID-19’s impact as well as to inform a series of pertinent policy recommendations on how Viet Nam can best address the adverse effects on MSMEs and address specific constraints and acceleration of digital adoption facing MSMEs in the post-COVID-19 new normal period.

Bionote: Nguyen Anh Tuan got a bachelor degree of Economics at Moscow University (former Soviet Union) in 1986 and master and doctor degrees at University of Malaya (Malaysia) in 1995 and 2003 respectively. He worked as a researcher at the Institute of World Economy (Academy of Social Sciences and Humanity of Vietnam) for 8 years, then a lecturer and dean of the Faculty of International Economics, the Diplomatic Academy of Vietnam (MOFA) from 2003-2008. He also completed 3 terms of foreign service at the Embassy of Vietnam in Malaysia, Australia and Ukraine. He has written a number of books and articles published in both Vietnam and abroad, in Vietnamese as well as in English. He was conferred the title of associate professor in 2007. He was also Editor-in-Chief of Journal of International Studies of Diplomatic Academy of Vietnam from 2012-2017. Now he is Deputy Director General of Institute for Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam and Ministry of Foreign Affairs of Vietnam as.

Discussant:

1. **Mr. Bounphieng Pheuaphetlangsy, Lao PDR, Deputy Director, Strategic and International Studies Division of Institute of Foreign Affairs**



Bionote: Bounphieng joined the Institute of Foreign Affairs (IFA), under the Ministry of Foreign Affairs of Laos in 2010 as a coordinator for ASEAN Institute for Strategic and International Studies (ASEAN-ISIS). From 2016-2018, Bounphieng pursued a master’s degree in public administration, specializing in policy analysis at the College of Business, Government and Law, Flinders University, Adelaide, Australia. Following that, he returned to the IFA. Since then, he has conducted research on various areas, such as economics, international relations, regional connectivity, and recently on the Belt and Road Initiative (BRI) and Mekong-Lancang Economic Development Belt (MLEDB). Now, he is Deputy Director of Strategic and International Studies Division, IFA.

Appendix C: Program

Draft Program as of 20 July 2021

| Time | Agenda items/Activity | Presenter/Country | Remarks |
|---------------|--|---|---|
| 0900-1100H | Dry-run of presentations (maximum of 10 mins each) *please note that once your turn is done, you may leave the dry-run | All presenters, discussants, and moderators | NEAT Philippines Secretariat will facilitate the testing of the video, audio, share screen, and virtual background |
| 1230H – 1300H | Registration | All | |
| 1300H-1310H | Agenda 1: Opening Ceremonies | | |
| | Welcoming Remarks | NEAT Philippines | NEAT Philippines Secretariat and Dr. Celia Reyes Country Coordinator, NEAT Philippines Chair, NEAT 34 th CCM |
| | Opening Address | NEAT Philippines | Mr. Jerry Clavesillas Director, Bureau of Small and Medium Enterprise Development, DTI Head of Philippine Delegation, ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) |
| | Virtual Photo Opportunity | All | NEAT Philippines Secretariat will facilitate |
| 1310H-1620H | Agenda 2: Presentation of the Studies per Country, Discussions, and Q&A <i>Kindly take note of time allotment per presenter is 12 mins; per discussant is 5 mins; and Q&A per session is 15 mins (total of 3 sessions)</i> | | |
| 1310H-1423H | Session 1: Sharing of Results and Recommendations Moderator: Dr. Josef Yap Senior Technical Advisor, ASEP-CELLS Project, Ateneo School of Government | | |
| 1310-1322H | 2.1 Regulatory Consideration of Digital Economy | Prof. Andy Lee China Deputy Dean, the Institute of Regulatory Science for Medical Devices, Sichuan University | |
| 1322-1334H | 2.2 Digitizing MSME in Indonesia During the Pandemic: Opportunities, | Dr. Zakir Mahmud Indonesia Director | |

| Time | Agenda items/Activity | Presenter/Country | Remarks |
|------------|---|--|---------|
| | Challenges and Policy Responses | The UKM Center, Faculty of Economics and Business, Universitas Indonesia | |
| 1334-1346H | 2.3 Promoting MSMEs in the ASEAN+3 Digital Economy | Dr. Kawai Masahiro Japan Councilor and Distinguished Research Fellow/Representative Director, Economic Research Institute for Northeast Asia Japan Forum on International Relations | |
| 1346-1358H | 2.4 Journey to Recovery and the Next Normal for Philippine MSMEs | Mr. John Paul C. Flaminiano Philippines Associate Director & Senior Economist Asian Institute of Management Rizalino S. Navarro Policy Center for Competitiveness | |
| 1358-1403H | Discussant 1 | Dr. Joeje Santarita NEAT Philippines Dean, Asian Center University of the Philippines | |
| 1403-1418H | Q&A 1 | c/o Moderator | |
| 1418-1423H | Break | | |
| 1423-1524H | Session 2: Sharing of Results and Recommendations Moderator: Dr. Aniceto Orbeta Senior Research Fellow, Philippine Institute for Development Studies | | |
| 1423-1435H | 2.5 Regional Cooperation in Digital Economy for SMEs in APT Countries | Dr. Choong Lyol Lee Korea Professor, Department of Economics Korea University, Republic of Korea | |
| 1435-1447H | 2.6 The Boom of Digital Trade and the Challenges Faced by MSMEs in Malaysia and ASEAN Post Pandemic. | Dr. Juita Mohamad Malaysia Research Fellow Institute of Strategic and International Studies Malaysia | |
| 1447-1459H | 2.7 MSMEs and their Adoption of Digital | Dr. Connie Bayudan-Dacuycu Philippines Senior Research Fellow | |



| Time | Agenda items/Activity | Presenter/Country | Remarks |
|------------|---|---|--|
| | Solutions: Challenges and Support Measures | Philippine Institute for Development Studies | |
| 1459-1504H | Discussant 2: | Mr. Jovito Jose Katigbak NEAT Philippines Foreign Affairs Research Specialist Foreign Service Institute Philippines | |
| 1504-1519H | Q&A 2 | c/o Moderator | |
| 1519-1524H | Break | | |
| 1524- | Session 3: Sharing of Results and Recommendations Moderator: Dr. Francis Mark Quimba Senior Research Fellow, Philippine Institute for Development Studies | | |
| 1524-1536H | 2.8 Blockchain as an Infrastructure of Multilateralism: Implications to East Asia Digital Economy | Mr. Liu Bojian Singapore Research Assistant East Asian Institute | |
| 1536-1548H | 2.9 The Regulatory Dilemma: Thailand's Digital Transformation in Retail | Mr. Akkanut Wantanasombut Thailand Researcher Institute of Asian Studies, Chulalongkorn University | |
| 1548-1600H | 2.10 Viet Nam's Micro, Small and Medium Enterprises in Post Covid-19: Overcoming Constraints and Accelerating Digital Adoption | Dr. Nguyen Anh Tuan Viet Nam Professor in International Economic Deputy Director General Institute of Foreign Policy and Strategic Studies Diplomatic Academy of Vietnam MOFA of Vietnam | |
| 1600-1605H | Discussant 3 | Mr. Bounphiang Pheuaphetlangsy Lao PDR Deputy Director Strategic and International Studies Division of Institute of Foreign Affairs | |
| 1605-1620H | Q&A 3 | c/o Moderator | |
| 1620-1630H | Agenda 3: Wrap-up and Closing Remarks | NEAT Philippines | Director Jim San Agustin ASEAN Economic Community Division, Office of the ASEAN Affairs, Department of Foreign Affairs Philippines |

Appendix D: List of Attendees

| NEAT Country (No. of Participants) | Name of Participant(s)/ Position and Affiliation |
|------------------------------------|--|
| Brunei Darussalam (1) | MS. HAJAH SITI MASLINA BINTI HAJI MD SAID (was not able to attend) Acting Special Duties Officer Grade I Industry and Business Ecosystem Division, Ministry of Finance and Economy |
| Cambodia (8) | H.E Mr. KANG Chandararot Under Secretary of State Ministry of Post and Telecommunication |
| | H.E Mr. SENG Sopheap President of Cambodia Academy of Digital Technology |
| | Mr. SAM Sethesery |



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| | Vice-president of National institute of Post, telecommunications and Information and Communications Technology |
| | Mr. SUN Rapid Deputy Director-General of Department of Information and Communications Technology |
| | Mr. THAN Sokthearin Press Attache of Minister's office |
| | Mr. LOR Sathya Deputy Director General Ministry of Industry, science, technology and innovation |
| | Mr. NOY Chumneanh Deputy Director General Ministry of Foreign Affairs and International Cooperation |
| | Ms. Dolla HOR NEAT Cambodia Contact Person Cambodian Ministry of Foreign Affairs and International Cooperation |
| People's Republic of China (1) | Prof. Anyu Lee, Professor and Deputy dean, the Institute of Regulatory Science for Medical Devices at Sichuan university |
| Indonesia (1) | DR. ZAKIR MAHMUD Director The UKM Center, Faculty of Economics and Business, Universitas Indonesia |
| Japan (1) | PROF. KAWAI MASAHIRO Councilor and Distinguished Research Fellow, Japan Forum on International Relations / Representative Director, Economic Research Institute for Northeast Asia / Professor Emeritus, University of Tokyo |
| South Korea (1) | PROF. LEE CHOONGYOL Professor, Department of Economics Korea University, Republic of Korea |
| Lao PDR (1) | MR. BOUNPHIENG PHEUAPHETLANGSY Deputy Director Strategic and International Studies Division of Institute of Foreign Affairs |
| Malaysia (1) | DR. JUITA MOHAMAD Research Fellow Institute of Strategic and International Studies Malaysia |



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| Philippines (14) | DR. CELIA M. REYES President, Philippine Institute for Development Studies and NEAT Philippines Country Coordinator |
| | DR. CONNIE BAYUDAN-DACUYCUY Senior Research Fellow Philippine Institute for Development Studies |
| | DR. JOSEF YAP Philippines Expert, Regional Economic Integration |
| | DIRECTOR JIM SAN AGUSTIN ASEAN Economic Community Division, Office of the ASEAN Affairs, Department of Foreign Affairs Philippines |
| | DR. ANICETO ORBETA Senior Research Fellow Philippine Institute for Development Studies |
| | Director Jerry T. Clavesillas Bureau of Small and Medium Enterprises Development Department of Trade and Industry Philippines |
| | DR. JOEFE SANTARITA Dean, Asian Center University of the Philippines |
| | MR. JOVITO JOSE KATIGBAK Foreign Affairs Research Specialist Foreign Service Institute Philippines |
| | MR. JOHN PAUL C. FLAMINIANO Associate Director & Senior Economist AIM RSN Policy Center for Competitiveness Asian Institute of Management Rizalino S. Navarro Policy Center for Competitiveness |
| | DR. FRANCIS MARK QUIMBA Senior Research Fellow Philippine Institute for Development Studies |
| MS. MELALYN MANTARING NEAT Philippines Focal Person | |
| MS. JEAN CLARISSE CARLOS NEAT Philippines Focal Person | |



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| | MS. RONINA ASIS NEAT Philippines Secretariat |
| | MR. SYLWYN CALIZO Research Specialist, PIDS |
| Singapore (1) | Mr. Liu Bojian Research Assistant East Asian Institute |
| Thailand (1) | MR. AKKANUT WANTANASOMBUT Researcher Institute of Asian Studies, Chulalongkorn University |
| Viet Nam (1) | DR. NGUYEN ANH TUAN Prof. in International Economic, Deputy Director General, Institute of Foreign Policy and Strategic Studies, Diplomatic Academy of Vietnam, MOFA of Vietnam |
| Myanmar | No Attendee |