

Enhancing the Resilience of MSMEs to Crises and Disasters: **Regional Guidelines for ASEAN Governments**



About this report

A project led by the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) and supported by the Australian government through the ASEAN–Australia Development Cooperation Program Phase II (AADCP II).

The project is undertaken in collaboration with the University of Cambridge and the Sociedade Portuguesa de Inovação (SPI).

Abstract

Enhancing the Resilience of MSMEs to Crises and Disasters: Regional Guidelines for ASEAN Governments provides a foundational framework for ASEAN policy-makers to enhance the resilience of micro-, small- and medium-sized enterprises and thus minimise the impact of future disasters and crises. Following the four phases of disaster risk management (prevention, preparedness, response and recovery), the guidelines provide information on how the relevant agencies can identify resources, determine roles and responsibilities, establish coordination mechanisms and include disaster risk management in existing or new policies and regulations. In developing the guidelines, more than one hundred government and industry stakeholders were consulted across the 10 ASEAN Member States.

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Acronyms and abbreviations

AADCP II	ASEAN–Australia Development Cooperation Program Phase II
ACCMSME	ASEAN Coordinating Committee on Micro, Small and Medium Enterprises
AHA Centre	ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management
AMS	ASEAN Member States
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BCP	Business continuity planning
BCM	Business continuity management
CamDX	Cambodia Data Exchange
CBDRM	Community-based disaster risk management
CGCC	Credit Guarantee Corporation of Cambodia plc
DIM	Disaster information management
DRR	Disaster risk reduction
ERIA	Economic Research Institute for ASEAN and East Asia
FEMA	Federal Emergency Management Agency
GDP	Gross domestic product
GFDRR	Global Facility for Disaster Reduction and Recovery
GVCs	Global value chains
ICT	Information and communications technology
ILO	International Labour Organization
ITAP	Innovation and Technology Assistance Program
JICA	Japan International Cooperation Agency
MGTC	Malaysian Green Technology and Climate Change Corporation
MOOC	Massive open online courses
MSMEs	Micro-, small- and medium-sized enterprises
NSTDA	National Science and Technology Development Agency
OECD	Organisation for Economic Co-operation and Development
OSH	Occupational safety and health
OTOP	One Town, One Product
PEMUDAH	Pasukan Petugas Khas Pemudahcara Perniagaan (Special Task Force to Facilitate Business)

PDRF	Philippine Disaster Resilience Foundation
PPE	Personal protective equipment
PPPs	Public Private Partnerships
RSBSA	Registry System for Basic Sectors in Agriculture Program
SET-UP	Small Enterprises Technology Upgrading Program
SRI	System of Rice Intensification
TESDA	Technical Education and Skills Development Authority
TOP	TESDA Online Program
UBI	Universal basic income
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNDRR	United Nations Office for Disaster Risk Reduction
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
WEPD	Women Exporters Development Programme

Executive summary

MSMEs in numbers



97%
of firms



85%
of labour force



45%
of GDP



10-30%
of total exports

Micro-, small- and medium-sized enterprises (MSMEs) are an essential part of ASEAN economies and critical for post-COVID-19 recovery.

Micro-, small- and medium-sized enterprises (MSMEs) are the backbone of ASEAN economies and thus critical for post-COVID-19 recovery and future socio-economic resilience. MSMEs account for over 97% of all firms, 85% of the labour force, about 45% of the gross domestic product (GDP) and between 10% and 30% of the total exports of ASEAN economies.

However, MSMEs face significant challenges that hinder their development and, in some cases, their survival. They face barriers accessing finance, attracting talent, reaching markets and innovating, among other areas. Because of these constraints on resources and capacity, they tend to be more vulnerable to crises and disasters.

The regional guidelines “enhancing the resilience of MSMEs to crises and disasters” provide a foundational framework for ASEAN policy-makers to build the resilience of MSMEs.

In order to enhance the resilience of MSMEs to crises and disasters, the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) envisaged the development of regional guidelines, supported by the Australian

government through the ASEAN–Australia Development Cooperation Program Phase II (AADCP II).

The guidelines provide information on how the relevant agencies in ASEAN Member States can identify resources, determine roles and responsibilities, establish coordination mechanisms and include disaster risk management in existing or new policies and regulations.

In developing the guidelines, more than a hundred government and industry stakeholders were consulted across the ten Member States. Consultations involved a stakeholder online survey and a participatory workshop.

The guidelines recognise the heterogeneity across MSMEs, their different stages of development and the variety of sectors where they operate. They also acknowledge differences in government and industry capacity across ASEAN Member States and how MSME resilience is embedded in the local, national and regional contexts.

Accordingly, in addition to providing examples of policy measures targeted at MSMEs, the guidelines offer recommendations on how to improve public governance and capacity for building systemic resilience.

Opportunities exist to develop MSME-specific disaster risk-management support and to leverage coordination between MSME development agencies, disaster risk-management organisations and business associations.

Consultations revealed a mismatch between those services that industry perceives to be most useful and those in place across ASEAN Member States. Specific opportunities were identified in areas including: business continuity planning and management; disaster risk prevention and management; and supplier development programmes.

Limited coordination between MSME development agencies and disaster risk-management organisations was also identified. Although exceptions were found, there are significant opportunities to leverage the knowledge and experience of disaster risk-management organisations to develop prevention and preparedness capacities among MSMEs.

Business associations can also play a key role in disseminating information on hazards and their impacts, as well as reaching out to MSMEs in crises and disasters.

Barriers commonly faced by MSMEs to access government support include: a lack of clarity in application processes; slow application and approval processes; informality; difficulties meeting the eligibility criteria of programmes; and a lack of collateral.

The guidelines identify policy goals across the four phases of disaster risk management to enhance MSMEs' resilience.

The guidelines are structured in four pillars, following the four phases of disaster risk management: (i) prevention, (ii) preparedness, (iii) response and (iv) recovery. Policy goals are identified for each of these phases, as follows:



Prevention

- Reduce the exposure of MSMEs to hazards;
- Enhance occupational safety and health in MSMEs;
- Reduce the vulnerability of the self-employed and entrepreneurs;
- Strengthen MSMEs' financial resilience; and
- Improve social and economic infrastructure.



Preparedness

- Improve the understanding of the risks faced by MSMEs;
- Develop MSMEs' disaster planning capabilities; and
- Strengthen public disaster risk-management governance and capacity.



Response

- Understand the emerging impacts;
- Ensure the availability of critical supplies;
- Support the continuity of MSME operations;
- Ensure the subsistence of MSMEs' employees and owners;
- Ease MSMEs' financial pressures; and
- Build capacity for responsive and agile public-service delivery.



Recovery

- Expand MSMEs' access to markets;
- Increase the adoption of digital technologies among MSMEs;
- Support MSMEs' "green" transformation;
- Upskill and reskill employees;
- Make innovation and entrepreneurship more inclusive;
- Improve the financial sustainability of MSMEs; and
- Strengthen MSMEs' innovation capacity.

For each of the four areas of disaster risk management, the guidelines identify: policy goals; typical policy instruments; the actors usually involved; lessons learned from international experience; more than 90 examples of policy measures across the 10 ASEAN Member States; and useful tools and resources for governments and enterprises.

Next steps: five key steps are recommended for implementation of the guidelines by ASEAN Member States and ASEAN sectoral entities and bodies.

- 1 Use the regional guidelines as a benchmark to assess public capacity and the governance structures in place to support the resilience of MSMEs.
- 2 Examine the effectiveness of policies and communication channels in supporting and reaching MSMEs, particularly under-represented population groups.
- 3 Develop a national roadmap to enhance the resilience of MSMEs, including the identification of public- and private-sector "champions".
- 4 Establish national and sub-national coordination mechanisms to facilitate collaboration between disaster risk-management agencies, the ministries and other entities coordinating and involved in MSME development, the private sector and local governments.
- 5 Leverage regional collaboration to narrow public capacity gaps across Member States, particularly in the delivery of business advisory services.

1. Introduction

The Association of Southeast Asian Nations (ASEAN) comprises ten Member States, which are home to about 662 million people.¹ The ASEAN region is one of the fastest-growing in the world and constitutes a thriving global hub for manufacturing and trade.²

Despite the remarkable achievements of the region, there are still population segments that are falling behind across and within ASEAN countries. The increasing frequency and severity of disasters threaten to deepen these economic and social gaps. The ASEAN region is one of the most hazard-prone in the world, accounting for 1 in every 10 natural disasters during the past 120 years.³

Micro-, small- and medium-sized enterprises (MSMEs) are an essential part of ASEAN economies, accounting for between 97% and 99% of all firms.⁴ However, MSMEs face significant challenges that hinder their development and, in many cases, their survival.

MSMEs face barriers accessing finance, attracting talent, reaching markets and innovating, among other areas. Because of these resources and capacity constraints, they tend to be more vulnerable to the impacts of crises and disasters.

The COVID-19 pandemic, as with previous crises and disasters, has exposed the vulnerability of MSMEs, as well as their key role in stimulating domestic demand. While countries move forward from the pandemic, it is important to leverage the learning from this and previous crises to support a sustainable and inclusive recovery for MSMEs.

Against this backdrop, the regional guidelines “enhancing the resilience of MSMEs to crises and disasters” provide a foundational framework for ASEAN policy-makers to build the resilience of MSMEs and thus minimise the impact of future disasters and crises.

The guidelines provide information on how the relevant agencies in ASEAN Member States (AMS) can identify resources, determine roles and responsibilities, establish coordination mechanisms and include disaster risk management in existing or new policies and regulations. In developing the guidelines, more than a hundred government and industry stakeholders were consulted across the ten Member States. Consultations involved a stakeholder survey and a participatory workshop.

This initiative is led by the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) and supported by the Australian government through the ASEAN–Australia Development Cooperation Program Phase II (AADCP II).

The guidelines are structured as follows:

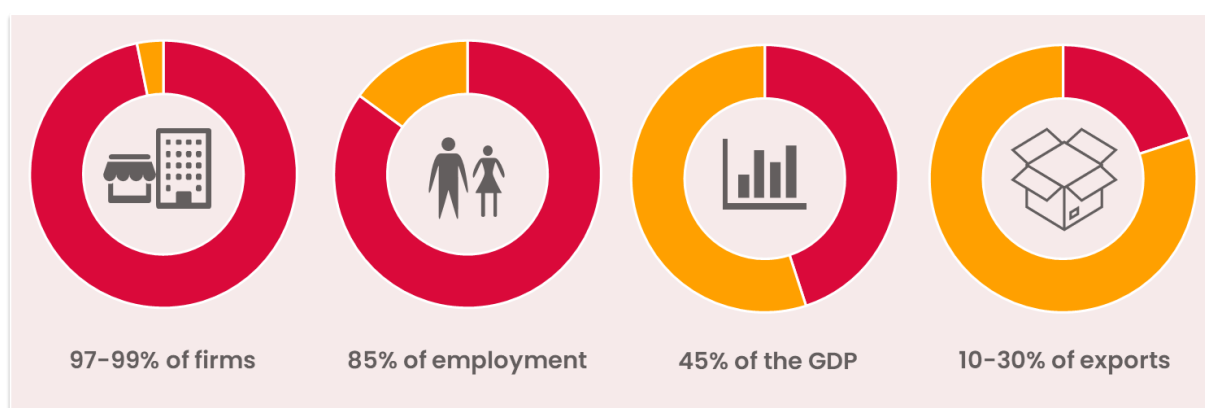
- Section 2 describes the challenges and opportunities faced by ASEAN MSMEs to enhance their resilience.
- Section 3 explains the policy framework used to classify policy actions included in the guidelines.
- Section 4 presents recommendations across the four phases of disaster risk management: prevention, preparedness, response and recovery. Policy goals, typical policy instruments, the usual actors involved, lessons learned from international experience and ASEAN case studies are provided for each of these phases.
- Section 5 suggests the next steps for countries, coordinating committees, and the ASEAN Secretariat to enhance the resilience of MSMEs.
- Finally, the appendices contain a glossary of key concepts and useful tools and resources for governments and MSMEs.

2. MSMEs in the ASEAN region: challenges and opportunities to enhance their resilience

MSMEs constitute an important source of livelihood in the ASEAN region and thus they are critical for post-COVID-19 recovery and future socio-economic resilience. MSMEs account for between 97% and 99% of all firms, 85% of the labour force, approximately 45% of the gross domestic product (GDP) and between 10% and 30% of total exports (Figure 1).⁵

Micro- and service enterprises dominate the MSME sector in Southeast Asia. Micro-enterprises, those broadly identified as employing fewer than ten people and with assets and sales below US\$50,000, account for between 85% and 99% of all enterprises, while service enterprises account for between 61% and 89% of MSMEs.⁶

FIGURE 1 THE ECONOMIC CONTRIBUTION OF MSMEs IN THE ASEAN REGION



Source: ASEAN Secretariat (2021). ASEAN Strategic Action Plan for SME Development 2016–2025: 2020 KPI Monitoring Report.

Although MSMEs are the backbone of the ASEAN region, they face a range of challenges that threaten their survival and hinder their capacity for growth. This section discusses these challenges and how they have been exacerbated by the COVID-19 pandemic and megatrends such as climate change, the acceleration of digitalisation and the reconfiguration of value chains. The differences in public capacity across countries to cope with natural hazards and to support the development of MSMEs are also examined.

The analysis includes findings from a participatory workshop attended by 54 government and industry representatives,

and a survey of 107 industry and government stakeholders across the 10 Member States. Key topics covered in the survey include: the challenges faced by MSMEs, COVID-19 impacts, policies delivered in support of MSMEs and the difficulties faced by MSMEs accessing support.

The survey was conducted online between January and April 2022. Of the 107 responses received, 76% correspond to government stakeholders (including disaster risk prevention and management agencies) and 24% to industry representatives.

[Appendix A](#) presents a detailed summary of the number of responses received by

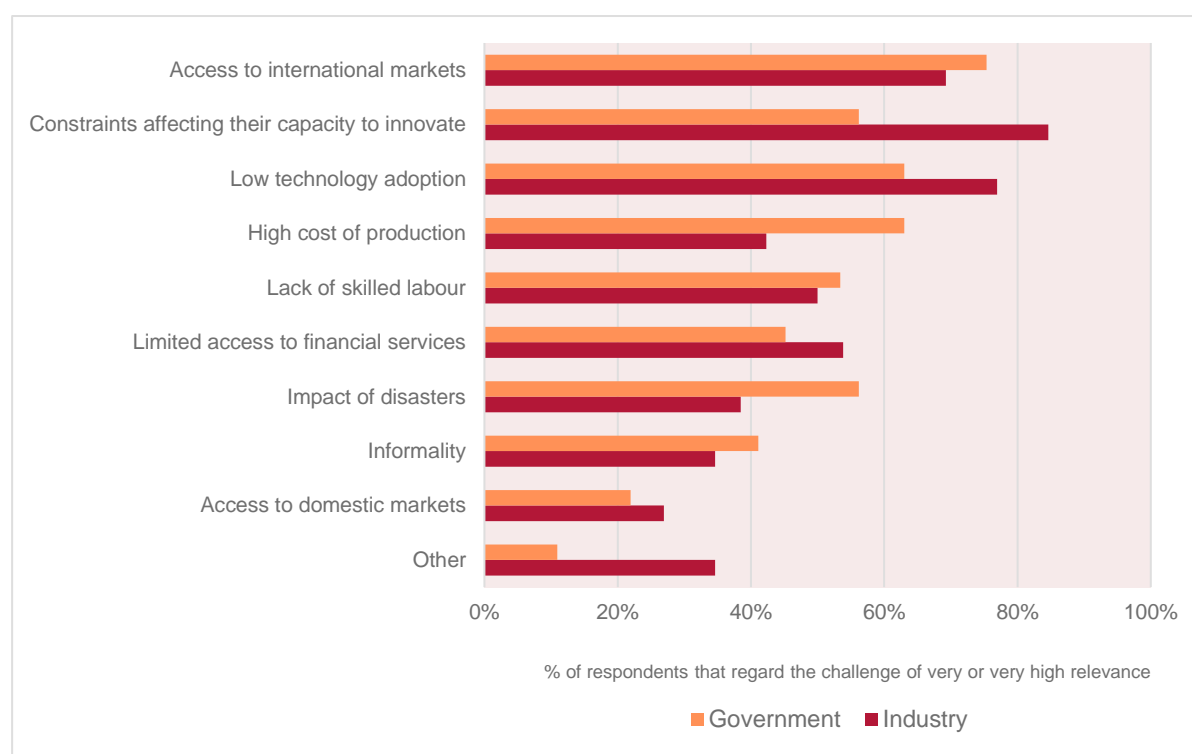
country and the types of stakeholder consulted.

2.1 The challenges faced by MSMEs in the ASEAN region

Stakeholders from AMS consulted for this project recognise the following to be the most relevant challenges faced by MSMEs: access to international markets, constraints affecting their capacity to innovate, low technology adoption, high cost of production, a lack of skilled labour and limited access to financial services (Figure 2).

Other challenges perceived by the stakeholders consulted include: political instability, standards compliance, international competition, and barriers in the business environment, such as red tape.

FIGURE 2 THE MAIN CHALLENGES AFFECTING MSMEs IN ASEAN MEMBER STATES



Number of observations: 99, including 26 from industry stakeholders and 73 from government stakeholders.
Source: Survey conducted between January and April 2022.

MSMEs represent a significant livelihood activity for unemployed and informal workers. Informal employment is estimated to account for around 75% of the labour force across the region, although differences are found among countries.⁷ Nonetheless, most ASEAN countries tend to have relatively small budgets for social protection, and thus relatively fewer self-employed people are likely to have access to safety nets.⁸

Most of the MSMEs (72%–85%) in ASEAN operate in rural areas.⁹ This means that many of them have restricted access to both basic infrastructure, such as electricity and communication, and digital infrastructure, such as broadband Internet.

Although the majority of Member States have specialised banks dedicated to MSMEs, access to formal financial services is still a key issue for these firms. MSMEs

tend to experience credit rationing and high-risk premiums, particularly in lower-income Member States.¹⁰

MSMEs face different barriers to participating in international markets, including difficulties identifying potential buyers and complying with quality standards and export procedures.¹¹ As such, only a small proportion of ASEAN MSMEs export, contributing to a regional average of 20% of total exports between 2010 and 2018.¹²

MSMEs also tend to use lower technology levels than larger firms. A recent survey across almost 2,000 SMEs found that only 13.16% were using cross-border e-commerce technology solutions in 2019. Meanwhile, the other 86.84% of SMEs in the region use conventional trade channels for internationalisation, such as agents and trading houses, or they do not export at all.¹³ The number of SMEs adopting digital technology for manufacturing is even smaller, but the pandemic has accelerated the pace of digital adoption and the use of e-commerce platforms among them.¹⁴

Fewer than four out of every ten MSMEs are owned by women in the East Asia and Pacific region.¹⁵ MSMEs owned by women

tend to be less profitable and more likely to operate in the informal sector because of the financial barriers, limited access to markets and information, skills' gaps, gender discriminatory norms and greater unpaid workloads.¹⁶

Female self-employment is larger among low- and middle-income countries, such as Cambodia, Indonesia and Viet Nam, where women account for a large share of the self-employed and are likely to perform low-revenue agricultural self-employment.¹⁷ Women are also less likely to participate in the digital economy.¹⁸

As a result of resource constraints, MSMEs are more vulnerable to the impacts of crises and disasters than larger firms. This is particularly relevant in Southeast Asia, which is one of the most hazard-prone regions in the world. Natural hazards affecting ASEAN Member States include droughts, floods, tropical cyclones, earthquakes and tsunamis (in order of frequency and economic impact). In 2020 alone, the region was hit by 405 natural hazards, which affected 19.3 million people, including 2.4 million people displaced. Economic losses are estimated at around US\$230 million.¹⁹

2.2 The impact of COVID-19 and megatrends

Because of their limited resources and capabilities, MSMEs have been disproportionately affected during the COVID-19 pandemic. Based on surveys conducted by the Asian Development Bank and the Government of Malaysia, the key effects on ASEAN MSMEs include:

- *Suspended operations.* 70.6% of the MSMEs surveyed in the Philippines suspended operations because of national lockdowns, 61.1% in the Lao PDR, 48.6% in Indonesia and 41.1% in Thailand, and 40.5% in Malaysia.
- *Supply disruptions.* More than 30% of the MSMEs surveyed in Malaysia, Thailand and the Philippines, and less than 20% in Indonesia and the

Lao PDR, experienced effects in their supply chains.

- *Demand contraction.* Sales fell in approximately 80% of the MSMEs surveyed across Indonesia, the Philippines, Thailand and the Lao PDR, and 64.6% in Malaysia.
- *Lack of liquidity.* In Malaysia 93.7% of MSMEs reported issues with cash flow, and in Indonesia 85.28% of the MSMEs reported that they had no cash or savings or would run out of funds within one month. And 78.8% of the MSMEs surveyed in the Philippines, 75.2% in Thailand and 55.2% in the Lao PDR reported a similar situation. Firms (70%–90%) tended to rely on informal financing sources, such as borrowing from relatives and friends.

- *Staff lay-offs.* Nearly 70% of the MSMEs surveyed in Malaysia reduced staff, 60% in Indonesia and 40% in the Lao PDR, with the Philippines and Thailand following a similar strategy. This impact was compounded by the reduction in working hours across all countries and barriers to working from home.^{20,21}

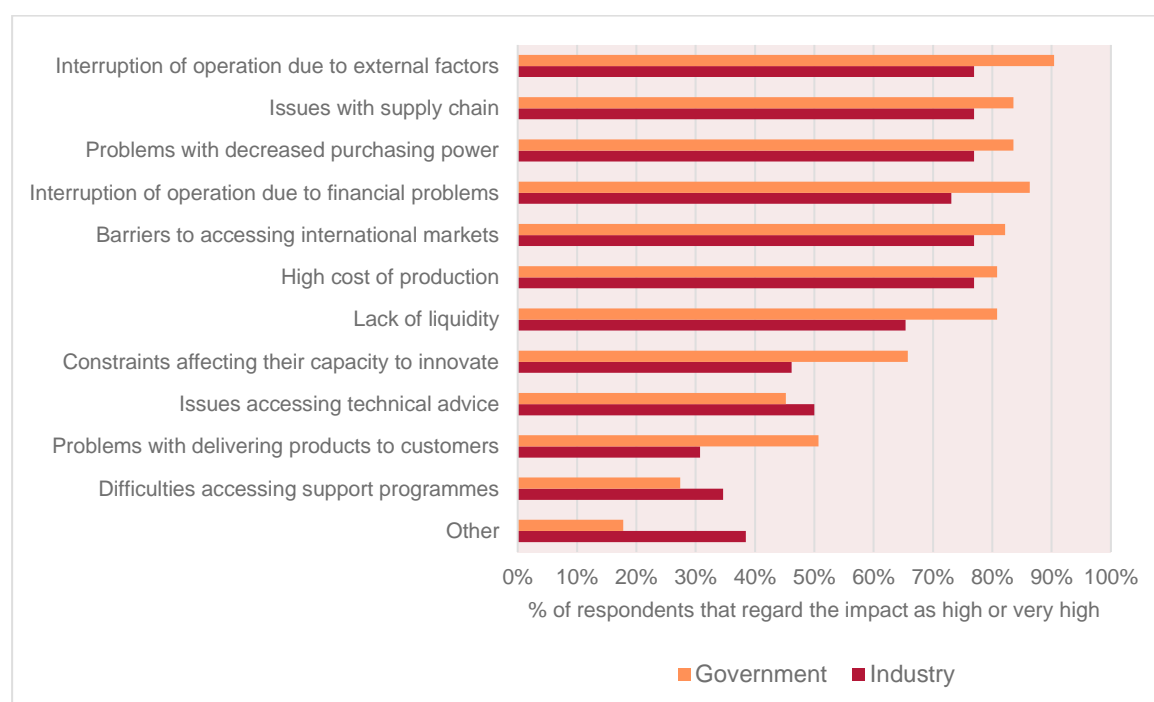
COVID-19 has also exposed and deepened social and economic inequalities. Women, young people, the elderly, the self-employed and informal workers, migrant workers, the rural population and people with disabilities have been disproportionately affected by the COVID-19 pandemic.²² Women-led MSMEs were more likely than men-led MSMEs to temporarily close their businesses and

reduce their workforce. They also faced greater losses in sales and revenue.²³

In line with the findings from the surveys conducted by the Asian Development Bank and the Government of Malaysia, the stakeholders consulted for this project perceive the interruption of operations, supply chain issues, demand contraction due to the lower purchasing power of consumers, financial problems and barriers to accessing international markets to be among the main impacts of COVID-19 on MSMEs.

Other perceived impacts that emerged from the consultation include: difficulties attracting and retaining employees, restricted mobility of employees and an increase in unpaid work for women.

FIGURE 3 THE MAIN IMPACTS OF THE COVID-19 PANDEMIC ON MSMEs



Number of observations: 99, including 26 from industry stakeholders and 73 from government stakeholders. Source: Survey conducted between January and April 2022.

Megatrends, such as climate change, the acceleration of digitalisation, trade tensions and the related reconfiguration of value chains, create additional challenges for ASEAN MSMEs. The COVID-19 pandemic has accelerated the adoption of digital technologies. It is estimated that, globally,

firms have accelerated the use of digital technologies in customer interactions by three years and sped up the rate at which they develop digital products and services by seven years. These acceleration rates have been even greater in the Asia-Pacific region.²⁴ For governments of AMS, this

means that further efforts are needed to support MSMEs – particularly those located in rural areas – in receiving the benefits of digital technologies.

The reconfiguration of global value chains (GVCs) due to trade tensions and the disruptions caused by the COVID-19 pandemic involves both challenges and opportunities for ASEAN MSMEs.²⁵ While measures to reshape regional supply chains

were in place even before the pandemic, in response to escalating tensions in international trade, some countries have since intensified their use. For example, Japan and South Korea have established strategies to expand supply bases in the ASEAN region in order to reduce dependency on Chinese suppliers. The potential relocation of production activities has important implications for firms in the ASEAN region.

2.3 Public capacity to cope with natural hazards and to support the development of MSMEs

Although the Southeast Asian region is particularly prone to natural hazards, not all countries face the same risk or show the same coping capacity. The Philippines, Indonesia and Myanmar are the countries that are most exposed to natural hazards, while Singapore and Brunei Darussalam show the lowest exposure. AMS differ in their environmental and economic capacity to buffer the negative impacts of hazards. The ASEAN Risk Monitor and Disaster Review identifies Singapore and Brunei Darussalam as having the strongest coping capacity against natural hazards, and Myanmar, Cambodia and Lao PDR as the Member States with the weakest coping capacity.²⁶

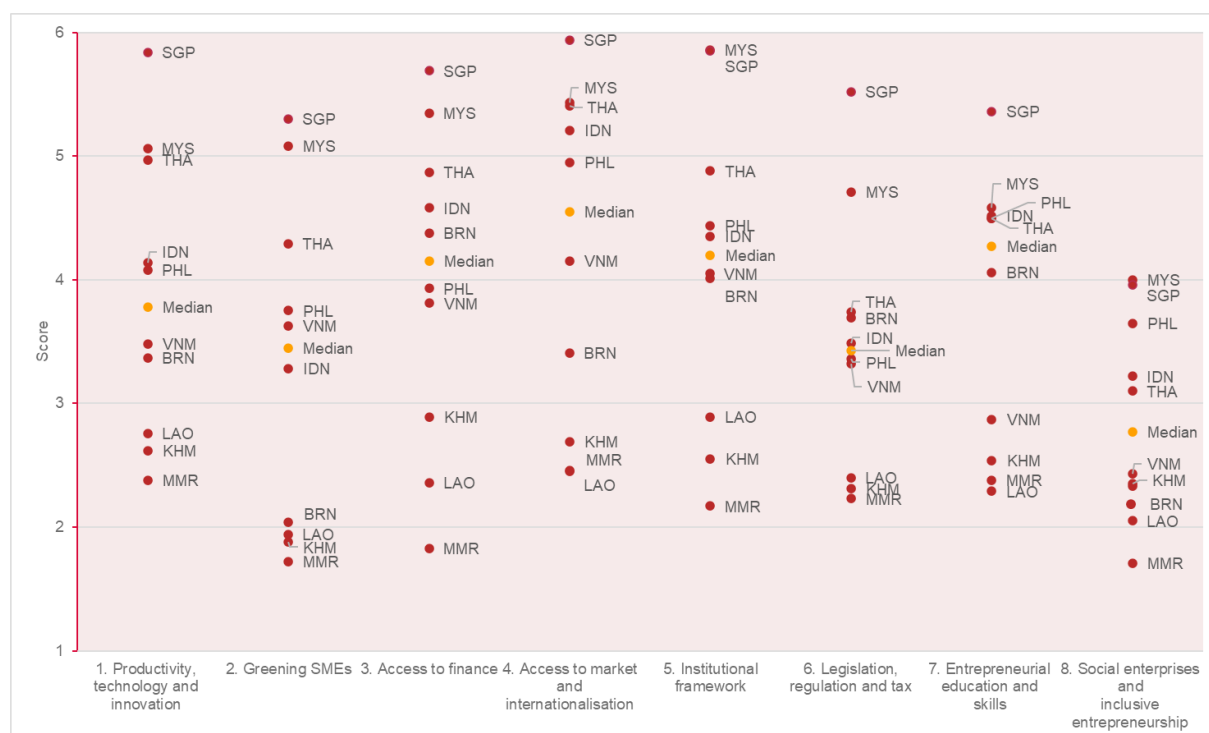
Support available for MSMEs also differs across AMS. While all Member States have policies in place to support MSMEs, the depth and extent of these varies greatly.²⁷ Lower-income countries, such as Cambodia, Lao PDR and Myanmar are in the early stages of the development of MSME ecosystems. They tend to face resource constraints and a limited offering (public and private) of business services. As a result, many initiatives involve regional and international cooperation.

Brunei Darussalam and Viet Nam are further ahead in the development of an MSME

ecosystem, albeit still in the early stages. Meanwhile, Indonesia, Thailand and the Philippines show a more developed offer of business advisory services and a stronger policy landscape. Finally, Malaysia and Singapore show a more mature MSME ecosystem involving a variety of actors and a broad and adequately resourced policy mix, aligned with internationally recognised effective practice.²⁸

Figure 4 presents the results of the SME Policy Index 2018. It is based on assessments performed by the Organisation for Economic Co-operation and Development (OECD) and ERIA (Economic Research Institute for ASEAN and East Asia), using the ASEAN Strategic Action Plan for SME Development 2016–2025 as a benchmark. It examines the policy landscape for SMEs across eight broad policy areas: (i) productivity, technology and innovation; (ii) environmental policies and SMEs; (iii) access to finance; (iv) access to market and internationalisation; (v) institutional framework; (vi) legislation, regulation and tax; (vii) entrepreneurial education and skills; and (viii) social enterprises and inclusive SMEs. For each area, a score of between 1 and 6 is computed, with 6 being the highest.

FIGURE 4 SME POLICY INDEX, ASEAN 2018



Note: BRN, Brunei Darussalam; IDN, Indonesia; KHM, Cambodia; LAO, Lao PDR; MMR, Myanmar; MYS, Malaysia; PHL, the Philippines; SGP, Singapore; THA, Thailand; VNM, Viet Nam.

Source: Organisation for Economic Co-operation and Development, OECD and Economic Research Institute for ASEAN and East Asia, ERIA (2018). SME Policy Index: ASEAN 2018: Boosting Competitiveness and Inclusive Growth, Paris: OECD Publishing.

2.4 The government response to the pandemic

ASEAN governments have delivered a variety of responses to support MSMEs against the disruptions caused by the COVID-19 pandemic. These range from payment deferral measures, direct financial assistance, and the provision of information, to training, market access and digitalisation support. The stakeholders consulted for this project identified promoting the use of e-commerce platforms as one of the most common interventions during the COVID-19 pandemic. Close to 40% of the respondents reported this as one of the programmes that they created or expanded during the pandemic.

Governments informed their interventions by conducting impact assessments. Approximately a quarter of the stakeholders consulted performed impact assessments as part of the actions and programmes that they delivered during the pandemic. Other

popular interventions included: training; business-continuity planning, advice and funding; business advisory services; standards compliance support; loans and grants for technology adoption; and start-up support. Many of these interventions were new, but the main approach was to expand existing programmes. This is particularly true for innovation grants, tax incentives and business advisory services. Over 70% of the measures cited by the stakeholders consulted in these areas were expansions of existing programmes.

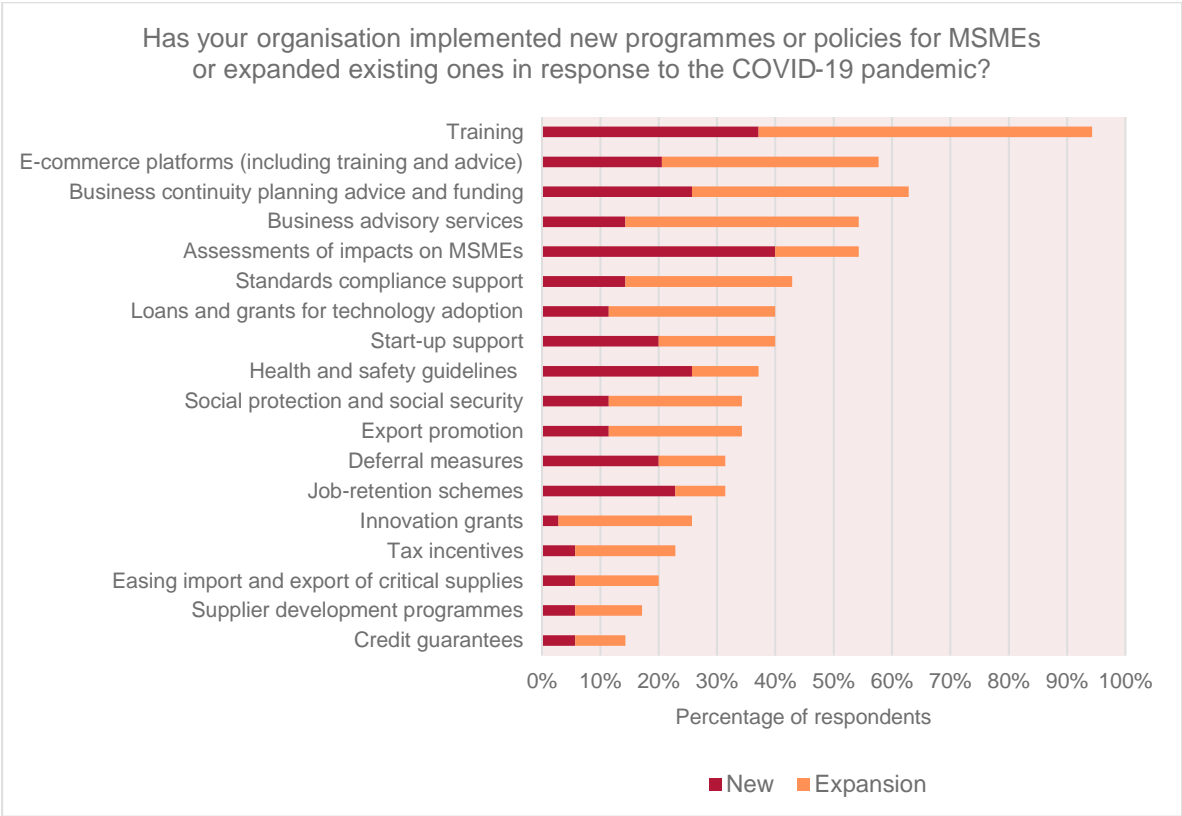
It is important to note that, while deferral measures and tax incentives are among the most common interventions across ASEAN and beyond,²⁹ this is not reflected in the data collected for this project since the focus was on ministries of industry, MSME development agencies and disaster risk-

management agencies rather than ministries of finance.

The consultations revealed that direct financial support was regarded as the most

useful policy measure in times of crisis among both industry and government stakeholders.

FIGURE 5 NEW AND EXPANDED PROGRAMMES FOR MSMEs IN RESPONSE TO THE COVID-19 PANDEMIC



Number of observations: 75.
Source: Survey conducted between January and April 2022.

However, emerging evidence suggests that many enterprises faced difficulties accessing government support schemes.³⁰ In moving forward, it is important for the ASEAN region to assess whether these measures have been effective in reaching MSMEs, to identify potential policy gaps and to examine lessons learned. The regional guidelines aim to contribute to this goal.

The industry representatives consulted mentioned a lack of clarity on the procedures to access support measures (80%), a slow application and approval process (68%), communication issues (68%) and difficulties meeting the eligibility criteria of programmes (40%) as being among the main challenges faced by MSMEs accessing support.

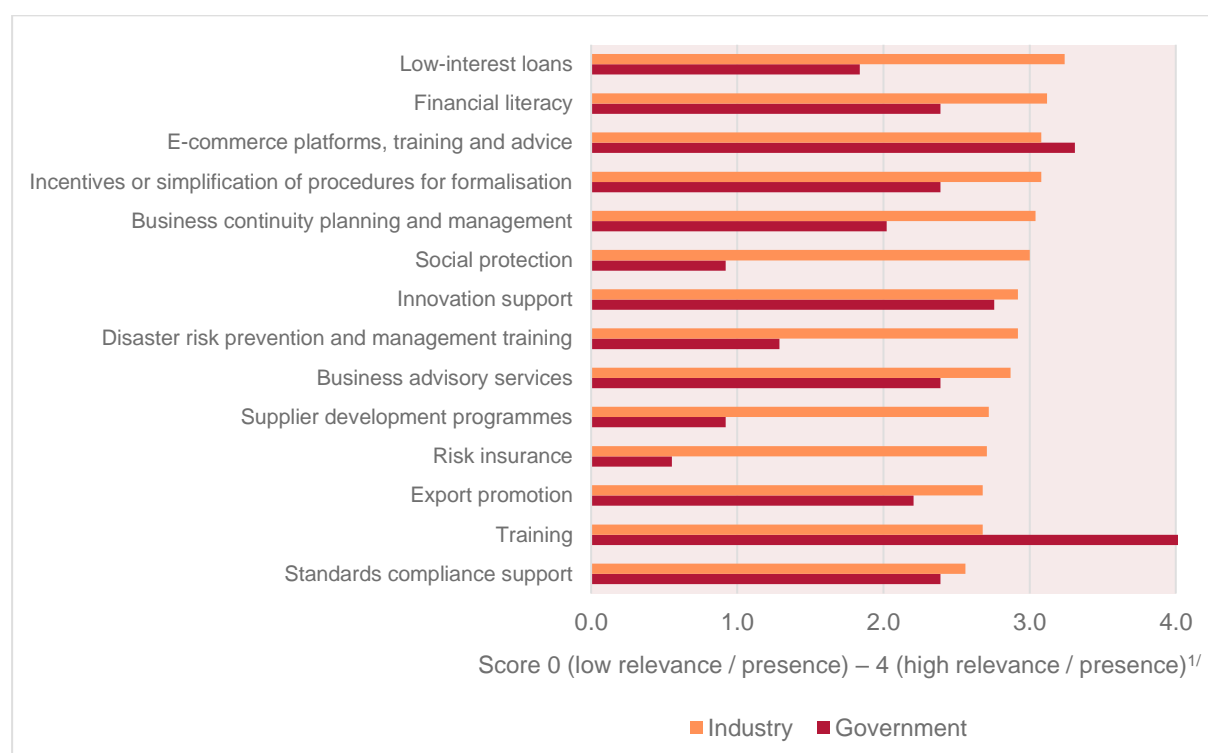
Informality is also a key barrier to accessing support, particularly for micro-enterprises. Being an enterprise that is formally registered is an eligibility criterion that is included in many support programmes, as 56% of the government stakeholders surveyed highlighted. Participants of this project also identified the lack of assets (collateral) and other resources as a barrier to accessing finance, particularly for micro- and new enterprises. This was reported as a barrier by 64% of the industry representatives surveyed.

Insights from the stakeholder survey indicate opportunities to develop MSME services and programmes in areas including: business continuity planning and management (advice and funding), disaster risk prevention and management training, supplier development

programmes, and risk insurance. As Figure 6 shows, these policy areas show the largest gap between the policy measures reported by government stakeholders (in place before the COVID-19 pandemic) and those measures that industry representatives regarded as being of high and very high

relevance. The low attention paid to risk insurance from both industry and government is of particular interest, as it presumably indicates a combination of low awareness, a limited offering and resource constraints.³¹

FIGURE 6 COMPARISON BETWEEN MSMEs' PERCEIVED NEEDS AND ACTUAL ASEAN POLICY MIX^{1/}



Note: ^{1/} Industry score refers to the relevance given to the measure (low to high), while government score refers to the number of stakeholders that mentioned the measure as a policy that existed before the COVID-19 pandemic. Government data was normalised from 1 to 4 to make it comparable to industry data. Number of observations: 100, including 25 from industry stakeholders and 75 from government stakeholders. Source: Survey conducted between January and April 2022.

3. Policy framework for enhancing ASEAN MSMEs' resilience to crises and disasters

The guidelines build upon disaster risk management and business development literature to provide a policy framework for enhancing MSMEs' resilience to crises and disasters (Figure 7). Following the United Nations Office for Disaster Risk Reduction's (UNDRR) definition of resilience, these guidelines understand MSMEs' resilience as the ability of a firm to "resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management".³²

The guidelines recognise the heterogeneity across MSMEs, their different stages of development and the variety of sectors where they operate. For mature and medium-sized enterprises, it may be possible to develop robustness and readiness capabilities across different business functions, for example, improving supply chain flexibility and agility through technology adoption and capacity-building, and reducing vulnerability to demand shocks through market diversification. However, for newly created and smaller enterprises, efforts may need to focus on ensuring their survival through enabling them to access social security systems, emergency relief support and e-commerce platforms.

Micro-enterprises, which represent the vast majority of enterprises in Southeast Asian countries (up to 99%), observe high levels of informality, particularly in the agriculture and services sectors.³³ They tend not to be registered (or they are loosely registered) and to lack a clear legal status, which increases their vulnerability. Operating in informality constitutes a barrier to access to many government schemes, finance, and local and international markets.³⁴

The framework draws upon four key policy domains that contribute to MSMEs' resilience, namely:

- i. *Disaster risk reduction.* Policies aimed at reducing disaster risks, including through reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events.³⁵ These policies help to reduce systemic vulnerability, thus benefiting all types of actor.
- ii. *Social protection.* This is concerned with protecting and helping those who are poor, vulnerable, marginalised or dealing with risks.³⁶ These types of policy are particularly relevant for informal businesses and micro-enterprises, which are less likely to participate in MSME development programmes.
- iii. *MSME development.* Policies supporting the creation, survival, growth and internationalisation of MSMEs.³⁷
- iv. *Innovation.* Actions aimed at raising the quantity and efficiency of innovative activities, that is, the creation, adaptation and adoption of new or improved products, processes or services.³⁸ These types of policy tend to be more relevant for formally registered small- and medium-sized enterprises or start-up companies.

Since the faculties to enhance MSMEs' resilience are dispersed across a variety of government departments and across local, national and regional policy spaces, the framework proposes using the phases of disaster risk management to provide coherence to policy measures and to broader plans and strategies. The four widely accepted phases of disaster risk management are:

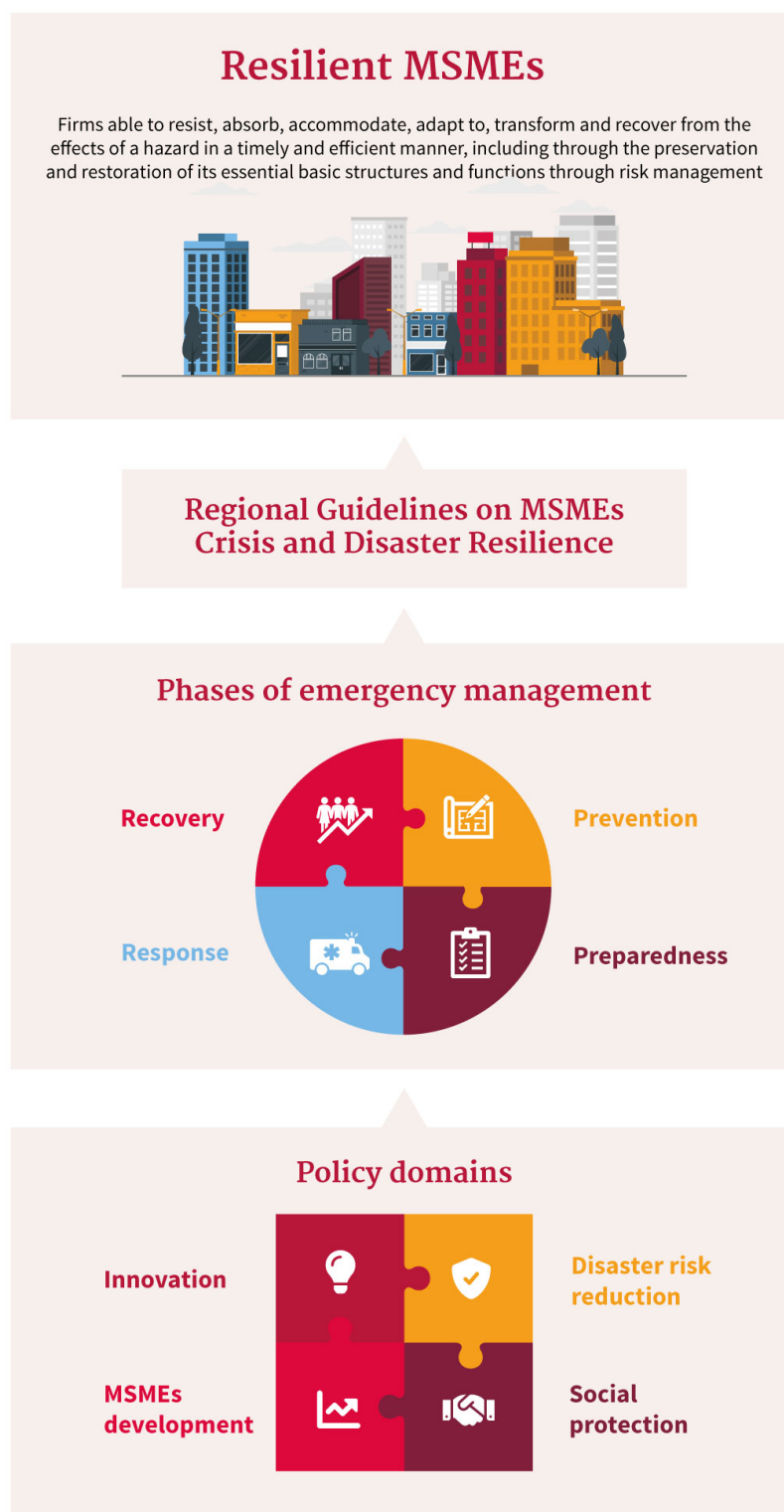
- i. *Prevention*. “Activities and measures to avoid existing and new disaster risks. While certain disaster risks cannot be eliminated, prevention aims at reducing vulnerability and exposure in such contexts where, as a result, the risk of disaster is removed.”³⁹
- ii. *Preparedness*. “The knowledge and capacities to effectively anticipate, respond to, and recover from, the impacts of likely, imminent or current disasters.”⁴⁰
- iii. *Response*. “Actions taken directly before, during or immediately after a disaster in order to save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected.”⁴¹
- iv. *Recovery*. “The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and ‘build back better,’ to avoid or reduce future disaster risk.”⁴²

Policy goals for enhancing the resilience of MSMEs are identified across the four phases of disaster risk management. Section 4 presents these policy goals and provides examples of policy measures that can be delivered in pursuit of these goals.

The guidelines also recognise differences in government and industry capacity and capabilities across AMS and how MSME resilience is embedded in the local, national and regional contexts. Thus, in addition to providing examples of policy measures targeted at MSMEs, the guidelines offer recommendations on how to improve public governance and capacity for building systemic resilience. These include:

- The capacity to deliver business advisory services;
- Coordination entities;
- Early-warning and information systems;
- Established communication channels;
- Flexible and agile public-service delivery;
- A functional financial system;
- Governance structures to leverage collaboration and partnerships among different actors;
- Inclusive policy design and implementation mechanisms;
- Monitoring systems of industry performance;
- Long-term development vision;
- Long-term disaster risk planning;
- Political and economic stability;
- Science and technology domestic capacity;
- Strong social protection systems;
- Sustainable economic and social infrastructure; and
- Transparency and accountability.⁴³

FIGURE 7 POLICY FRAMEWORK FOR ENHANCING THE RESILIENCE OF MSMEs TO CRISES AND DISASTERS



Source: Authors based on UNDRR (2020, p. 14).

4. Policy measures for enhancing the resilience of ASEAN MSMEs to crises and disasters

The regional guidelines provide information on how the relevant agencies can identify resources, determine roles and responsibilities, establish coordination mechanisms and include disaster risk management in existing or new policies and regulations. As explained in Section 3, the guidelines include recommendations on how governments and development partners can address gaps in MSMEs' capacity, as well as gaps in public governance and capacity.

The guidelines are structured in four pillars, following the four phases of disaster risk management: (i) prevention, (ii) preparedness, (iii) response and (iv) recovery. Policy goals are identified for each of these phases as follows:

Prevention

- Reduce the exposure of MSMEs to hazards;
- Enhance occupational safety and health in MSMEs;
- Reduce the vulnerability of the self-employed and entrepreneurs;
- Strengthen MSMEs' financial resilience; and
- Improve social and economic infrastructure.

Preparedness

- Improve the understanding of the risks faced by MSMEs;
- Develop MSMEs' disaster planning capabilities; and
- Strengthen public disaster risk-management governance and capacity.

Response

- Understand the emerging impacts;
- Ensure the availability of critical supplies;
- Support the continuity of MSME operations;
- Ensure the subsistence of MSMEs' employees and owners;
- Ease MSMEs' financial pressures; and
- Build capacity for responsive and agile public-service delivery.

Recovery

- Expand MSMEs' access to markets;
- Increase the adoption of digital technologies among MSMEs;
- Support MSMEs' "green" transformation;
- Upskill and reskill employees;
- Make innovation and entrepreneurship more inclusive;
- Improve the financial sustainability of MSMEs; and
- Strengthen MSMEs' innovation capacity.

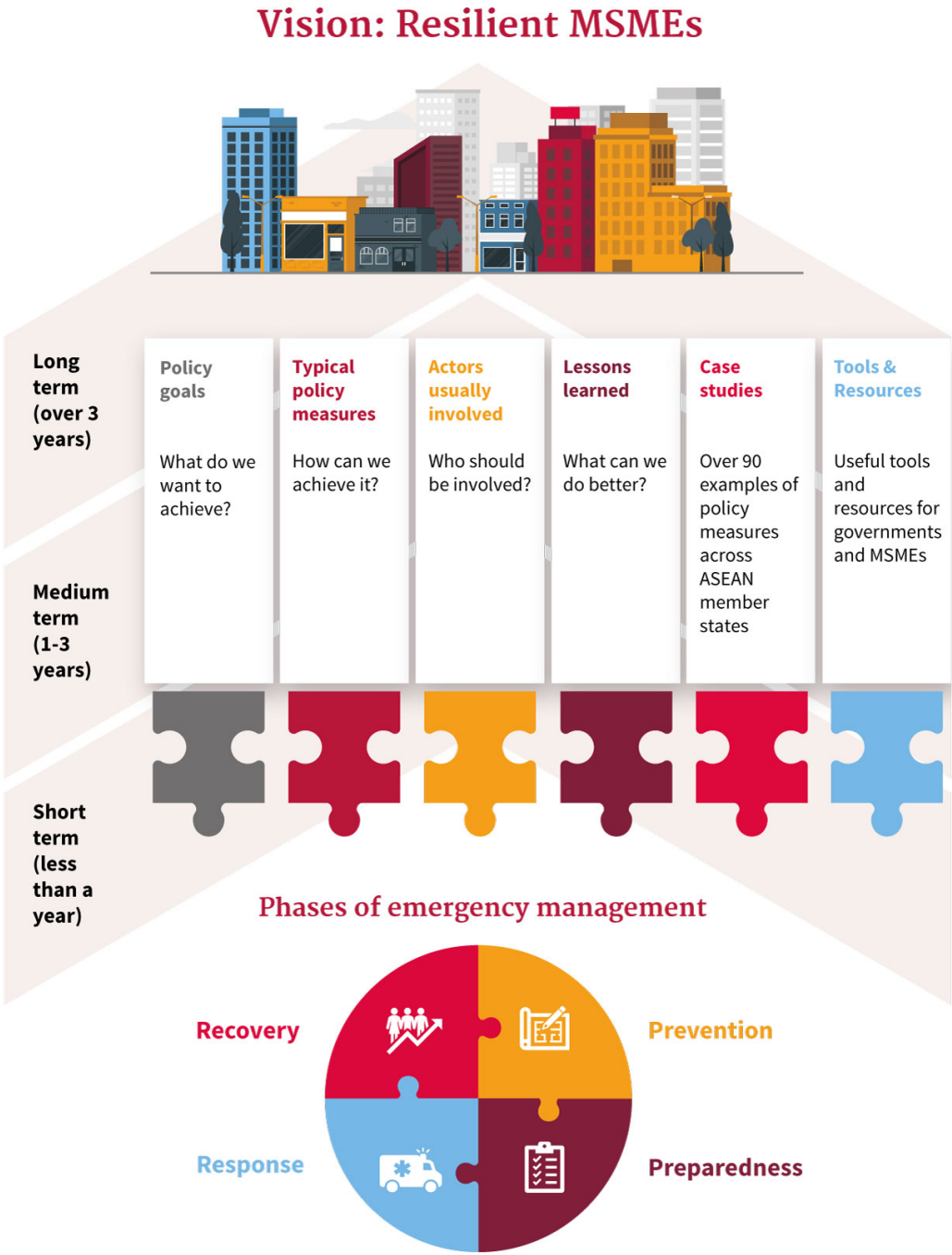
The relevance of each policy goal is explained (**rationale**) and, drawing upon ASEAN and international experience, **typical policy measures** to achieve the policy goal in question are identified. Policy measures are illustrated through **more than ninety ASEAN examples**. Based on these case studies, the guidelines describe the typical **actors involved** in the design and delivery of policy measures.

Wherever they are available, **lessons learned** are also included. These lessons are based on experiences from

the COVID-19 pandemic, previous crises, assessments of ASEAN countries’ capacity, and international policy reviews and evaluations. Figure 8 summarises the structure of the guidelines and the key components included in them. Consultations helped to identify a myriad of policy instruments

that are in place across ASEAN Member States. While the guidelines present a selection of these, Annex A (Excel database) includes a list of all the initiatives captured through the stakeholder survey.

FIGURE 8 STRUCTURE AND KEY COMPONENTS OF THE REGIONAL GUIDELINES



Source: Authors.

4.1 Prevention



PREVENTION

“Activities and measures to avoid existing and new disaster risks. While certain disaster risks cannot be eliminated, prevention aims at reducing vulnerability and exposure in such contexts where, as a result, the risk of disaster is removed.”

(UNDRR, 2020, p. 14)

Prevention, the first pillar of the regional guidelines, involves policy measures aimed at reducing vulnerability and exposure to the hazards of MSMEs. As Table 1 illustrates, five policy goals are identified in this pillar: (i) reducing the exposure of MSMEs to

hazards; ii) enhancing occupational safety and health in MSMEs; (iii) reducing the vulnerability of the self-employed and entrepreneurs; (iv) strengthening MSMEs’ financial resilience; and (v) improving social and economic infrastructure.

TABLE 1 SUMMARY TABLE OF POLICY MEASURES AND CASE STUDIES FOR PREVENTION

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
Reduce the exposure of MSMEs to hazards	Short term	Medium	<ul style="list-style-type: none"> • Further developing warning systems • Developing evacuation plans • Involving MSMEs in the design of climate-change mitigation and adaptation strategies • Raising awareness about the impacts of climate change • Providing advisory services for developing adaptation strategies • Supporting inclusive sustainable agricultural practices, including the promotion of indigenous knowledge • Developing regulations to incentivise MSMEs to minimise their exposure to hazards • Leveraging regional cooperation frameworks 	Cambodia and Viet Nam: System of Rice Intensification ASEAN: ASEAN Climate Change Initiative
Enhance occupational safety and health in MSMEs	Short term	Medium	<ul style="list-style-type: none"> • Delivering awareness campaigns • Developing a clear and comprehensive OSH regulatory framework • Simplification of OSH norms and provision of guidelines • Ensuring compliance through labour inspection • Supporting capacity-building leveraging intermediary organisations, such as consultancy service companies; and • Implementing incentive-based mechanisms such as funding for OSH improvements and insurance-based bonuses 	ASEAN: Guidelines on Occupational Safety and Health Risk Management for Small and Medium Enterprises in ASEAN Member States Indonesia: National Occupational Safety and Health (OSH) Programme

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
Reduce the vulnerability of the self-employed and entrepreneurs	Medium term	Very high	<ul style="list-style-type: none"> • Conducting awareness campaigns on their rights and obligations • Providing incentives for formalisation, including the simplification of bureaucratic registration and licensing procedures • Expanding social protection programmes and social security schemes • Targeting support at vulnerable population groups • Adapting the design of social protection programmes to account for evolving hazards • Strengthening social protection information systems 	Cambodia: CamDX – Cambodia Data Exchange Malaysia: Self-Employment Social Security Scheme; Special Task Force to Facilitate Business (PEMUDAH)
Strengthen MSMEs' financial resilience	Medium term	Very high	<ul style="list-style-type: none"> • Financial literacy education and training programmes • Business advisory services to improve financial management practices • Reinsurance funds • Microinsurance involving subsidised premiums 	Brunei Darussalam: Global Money Week, National Savings Day, Financial Planning Courses, National Financial Literacy Council. Philippines: Philippine Crop Insurance Corporation Singapore: SME Financial Management Toolkit Thailand: National Catastrophe Insurance Fund
Improve social and economic infrastructure	Long term	High	<ul style="list-style-type: none"> • Updating construction standards and regulations • Publishing medium- and long-term infrastructure development plans • Leveraging public–private partnerships to develop infrastructure • Investing in social infrastructure • Providing financial incentives to expand the delivery capacity of social services • Conducting assessments of delivery capacity 	Brunei Darussalam: Joint external evaluation of health infrastructure capacity Indonesia: National Medium Term Development Plan 2020–2024 (emphasis on resilient infrastructure) Malaysia: Investments in childcare centres; incentives to employers to increase the offer of on-site childcare facilities Thailand: Revisions of the industrial park design criteria following the floods of 2011 Viet Nam: PPPs for infrastructure development

Source: Policy review and consultations conducted for this project.

4.1.1 Short-term measures

Policy goal: reduce the exposure of MSMEs to hazards (medium priority)

Rationale. Because of their resource constraints, MSMEs are more vulnerable to the impacts of natural and man-made hazards than larger firms. However, timely and accessible information on risks, as well as risk-mitigation strategies, can contribute to reducing their exposure to hazards.

Typical policy measures. Early-warning systems help communities, including MSMEs, to reduce their exposure to hazards. All AMS have developed warning systems that incorporate different elements,

including: risk maps, disaster databases, dissemination strategies (e.g. public sirens and social media), evacuation plans and regulations. However, there exist opportunities to improve these warning systems and increase the involvement of industry representatives in their design.

MSMEs also constitute actors of change and, as such, their actions can contribute to mitigating the risk of hazards such as climate change. Typical measures delivered to

reduce the vulnerability of MSMEs to hazards include:

- Further developing warning systems.
- Developing evacuation plans.
- Raising awareness of the impacts of potential hazards through media campaigns and workshops, among other communication channels.
- Providing advisory services for developing adaptation and mitigation strategies, including training, guidance and technical assistance.
- Involving MSMEs in the design of climate-change mitigation and adaptation strategies.
- Supporting inclusive sustainable agricultural practices, including the promotion of indigenous knowledge.
- Developing regulations to incentivise MSMEs to minimise their exposure to hazards.
- Leveraging regional cooperation frameworks such as the ASEAN Climate Change Initiative.

Box 1 presents examples of how MSMEs can adapt to climate change.

Actors involved. Typical actors involved in the delivery of measures aimed at reducing MSMEs' exposure to hazards include: disaster risk-prevention and management agencies; ministries of agriculture; ministries of energy; meteorological agencies; research institutions, such as the Thailand Institute of Scientific and Technological Research; regional and international warning and disaster centres, such as the Pacific Disaster Center and Regional Integrated Multi-Hazard Early Warning System for

Africa and Asia; and international organisations, such as Oxfam and the German Federal Ministry for Economic Cooperation and Development (BMZ).

Lessons learned. A recent assessment of ASEAN early-warning systems identified the following areas of improvement: (i) information on the management of hazardous material; (ii) regional information-sharing; and (iii) regulations and policies on early-warning messaging and disaster reporting.⁴⁴

In addition, consultations with stakeholders highlighted the importance of public information campaigns specifically designed for MSMEs, highlighting the potential impacts to their businesses, possible pre-emptive actions, and relevant authorities to reach out to if necessary.

Business associations can also contribute to disseminating information on hazards and their potential impacts to MSMEs. Evidence from the COVID-19 pandemic supports this. In the Philippines, firms with strong connections to their buyers, suppliers and business support organisations managed to navigate the crisis better thanks to better access to relevant information and support. However, most of the MSMEs do not have a connection with business organisations. For example, in the Philippines, only a quarter of the companies consulted by the International Trade Centre, as part of the SME Competitiveness Survey, were involved with business support organisations (chamber of commerce, trade or investment promotion organisation or sector association).⁴⁵



PREVENTION

BOX 1. CAMBODIA AND VIET NAM: CLIMATE CHANGE ADAPTATION

Climate change adaptation in agriculture

In Cambodia and Viet Nam, Oxfam has supported the adoption of the System of Rice Intensification (SRI), an agroecological method that focuses on the efficient management of plants, soils, water and nutrients to increase rice output. SRI helps farmers to adapt to climate change while enabling them to reduce greenhouse-gas emissions from rice farming. In Cambodia farmers who have adopted SRI reported an increase in yield by 68% and income by US\$339 per hectare, while in Viet Nam farmers have increased their income by US\$200–300 per hectare.

The role of the business community in climate-change adaptation

A survey conducted among over 10,000 enterprises in Viet Nam identified the following as business practices, across different industries and sizes, to adapt to climate change:

- Reinforcing and repairing existing factories and offices
- Adjusting working hours as a result of inclement weather
- Training staff in natural-disaster and climate-change responses
- Participating in natural-disaster response and rehabilitation
- Changing their business strategy
- Upgrading their production technology
- Moving their premises to safer locations

Source: Oxfam (2015). Harmless harvest. How sustainable agriculture can help ASEAN countries adapt to changing climate. Policy paper; Tuan, D. A. et al. (2020). Adapting to succeed. Assessing the Impact of Climate Change on Vietnamese Businesses.

Policy goal: enhance occupational safety and health in MSMEs (medium priority)

Rationale. Resource constraints, informality and limited awareness of regulations and standards may result in poor occupational safety and health (OSH) conditions in MSMEs. This situation results in workers being exposed to safety and health hazards.

Typical policy measures. Governments and other development actors can support MSMEs in improving OSH working conditions through a variety of instruments, including:

- Delivering awareness campaigns.
- Developing a clear and comprehensive OSH regulatory framework. [Appendix C](#) presents the International Labour Organization's Support Kit for Developing Occupational Safety and Health Legislation, which provides guidance in the establishment or reform of OSH laws.
- Simplification of OSH norms and the provision of guidelines.
- Ensuring compliance through labour inspection.
- Supporting capacity-building leveraging intermediary organisations, such as consultancy service companies.
- Implementing incentive-based mechanisms such as funding for OSH improvements and insurance-based bonuses.

As described in Box 2, Indonesia has an established OSH system that involves clear policy and regulatory frameworks, training and certification initiatives, and insurance and social security schemes, among other instruments. A variety of public, social and

private actors are involved in the design and implementation of Indonesia's OSH system.

At regional level, the Guidelines on Occupational Safety and Health Risk Management for Small and Medium Enterprises in ASEAN Member States⁴⁶ provide a systematic approach to identifying hazards, assessing, monitoring and managing risk.

Actors involved. Typical actors involved in enhancing OSH in MSMEs include: ministries of manpower or labour and health; industry and workers' representatives; and international organisations, such as the International Labour Organization (ILO).

Lessons learned. A review of initiatives and delivery mechanisms to improve OSH in MSMEs conducted by the ILO identified the key characteristics of effective OSH programmes, including:

- Initiatives that involve low costs for MSMEs or which are free of charge;
- Easy procedures to access support;
- Tailored to the specific needs of the enterprises;
- Integrating OSH with other management goals and business processes;
- The use of intermediaries, since they have direct contact with MSMEs;
- Programmes embedded in wider and long-term strategies, ensuring financial, technical and institutional sustainability; and
- Relying upon good communication channels in order to reach a broad number of MSMEs.⁴⁷



PREVENTION

BOX 2. INDONESIA: OCCUPATIONAL SAFETY AND HEALTH SYSTEM

Policy and regulatory frameworks

The National Occupational Safety and Health (OSH) Programme 2020–2024 defines concrete medium- and long-term objectives on national OSH prevention and mechanism programmes.

OSH regulations in Indonesia date back to 1930. The main regulation is the Work Safety Act (Law No. 1, 1970). The most recent regulation (2015, 2016) includes decrees by the Ministry of Manpower on procedures for the implementation of the Work Accident Insurance Programme.

Examples of OSH programmes

- OSHMS certification: audit-based certification. This requires companies to attend training courses and pass examinations on the application of occupational safety and health management systems. It is compulsory for companies with 100 or more employees and also for smaller companies presenting high risks.
- OSHMS award (Zero Accident Award): voluntary awards to motivate employers and workers to improve OSH conditions. This involves different types of assessment, depending on the size of the business. The evaluator assesses documents submitted by the companies and the findings from a company visit.
- Collaboration with relevant insurance or social security schemes covering occupational injuries and diseases, including self-employed people and migrant workers.

Governance

The Ministry of Manpower is in charge of Indonesia's OSH policy. Other government agencies involved in OSH activities include: the Ministry of Health, the Ministry of Environment and Forestry Affairs, the Ministry of Energy and Mineral Resources, the Ministry of Public Works and People's Housing, the Ministry of Transportation, the Ministry of Industry and the Ministry of Agriculture.

Representatives of industry and workers provide advice to the Ministry of Manpower and support regulation compliance through the National OSH Council at national and provincial levels. Other actors involved include certification organisations, private OSH service-providers and universities. The Government of Indonesia also collaborates with regional and international organisations in delivering OSH activities, including: ASEAN–OSHNET (OSH Network), KOSHA (Korean OSH Association), Japan OSHA and the International Labour Organization.

Budget

In 2018 the Ministry of Manpower invested Rp114.2 million (~US\$7,932) in OSH activities.

Limitations

According to a recent assessment, some of the limitations faced by Indonesia's OSH system include: shortages in the number of labour inspectors; legal harmonisation; accurate data on vulnerable workers and the informal economy; providing OSH services to informal businesses; social protection for younger workers; and OSH inspection on Industry 4.0.

Source: International Labour Organization (2020). Improving Safety and Health in Micro-, Small and Medium-Sized Enterprises: An overview of initiatives and delivery mechanisms, Geneva; Indonesia Ministry of Manpower (2018). Occupational Safety and Health (OSH) in Indonesia: National Profile on OSH in Indonesia. Jakarta, Indonesia.

4.1.2 Medium-term measures

Policy goal: reduce the vulnerability of self-employed entrepreneurs (very high priority)

Rationale. Self-employed entrepreneurs are particularly vulnerable to disruptions, as they tend to have limited access to social protection and other safety nets, especially if they operate in the informal economy.

Typical policy measures. Measures aimed at reducing the vulnerability of self-employed entrepreneurs include:

- Conducting awareness campaigns on their rights and obligations.
- Providing incentives for formalisation, including the simplification of bureaucratic procedures. For example, the Royal Government of Cambodia is leveraging the online platform Cambodia Data Exchange (CamDX) to facilitate business registration. As of January 2022, businesses could use this service to register with four ministries and departments (the Ministry of Commerce, the General Department of Taxation, the Ministry of Labour and Vocational Training and the Council for the Development of Cambodia).⁴⁸ Another example is the Special Task Force to Facilitate Business (PEMUDAH) established in Malaysia in 2007 to improve the general business environment.⁴⁹
- Expanding social protection programmes and social security schemes. See, for example, the case of Malaysia's Self-Employment Social Security Scheme presented in Box 3.
- Targeting support at vulnerable population groups.
- Adapting the design of social protection programmes to account for evolving hazards.

- Strengthening social protection information systems.

The ASEAN Guidelines on Disaster Responsive Social Protection to Increase Resilience provide strategic guidance for policy-makers on how to advance disaster responsive social protection.

Actors involved. Typical actors involved include: ministries of social affairs, ministries of health, ministries of planning, ministries of finance, business support agencies and international organisations.

Lessons learned. The ASEAN Guidelines on Disaster Responsive Social Protection to Increase Resilience⁵⁰ identified different opportunity areas to improve social protection systems in AMS, including:

- Establishing coordination mechanisms among different stakeholders;
- Strengthening existing information systems; and
- Ensuring flexible, deliverable mechanisms, including simplifying existing registration processes and ensuring that payment mechanisms are accessible during a disaster.

Reaching out to self-employed entrepreneurs is a key element for reducing their vulnerability. Industry associations can play a key role in disseminating relevant information and programmes, particularly those that are formally registered. Meanwhile, information campaigns using different types of media and establishing partnerships with relevant social organisations are likely to be more effective at reaching informal businesses and micro-enterprises.⁵¹



PREVENTION

BOX 3. MALAYSIA: SELF-EMPLOYMENT SOCIAL SECURITY SCHEME

Description

The Self-Employment Social Security Scheme was introduced in 2017 to provide protection for individuals who are self-employed under the provisions of the Self-Employment Social Security Act 2017.

The scheme began targeting self-employed people in the passenger transportation sector; however, in January 2020 it was extended to 19 other economic activities, including: goods and food transport, agriculture, livestock, forestry, fisheries, food, construction, manufacturing, commerce, accommodation, online business, information technology, data processing, agents, professional services, support services, the arts, household services, and beauty and healthcare.

Participants of this scheme make monetary contributions that vary depending on their insurable earnings. Contributions can be paid on a monthly or yearly basis. However, the government is providing assistance to cover some of these contributions.

Support provided through the Self-Employment Social Security Scheme include:

- Free medical treatment;
- Temporary and permanent disability benefits;
- Dependants' support, including education loans, in the case of the death of the self-employed insured person; and
- Vocational training.

Eligibility

- Malaysian citizen/permanent resident without age limit;
- Individuals who work for themselves to earn a living.

Documents needed

- Photocopy of identity card (IC);
- Copy of driving licence/e-hailing profile/permit/certificate or letter of confirmation from the relevant association or agency subject to the type of sector.

Actors involved

Social Security Organisation, Ministry of Human Resources.

Budget

RM24 million (~US\$5.7 million) allocated in the budget 2021.

Source: Social Security Organisation, SOCSO (2020). Self-employment Social Security Scheme; The Malaysian Reserve (2021). Only 5.43% of self-employed registered under Socso's security scheme.

Policy goal: strengthen MSMEs' financial resilience (very high priority)

Rationale. Limited resources and constrained access to finance make MSMEs particularly vulnerable to shocks. Improving financial management practices among MSMEs can contribute to their financial resilience. In addition, governments can collaborate with other private and social actors to expand access to disaster risk insurance. Risk-transfer instruments, such as insurance and credit guarantee schemes, reduce the financial burden and uncertainty of disaster impacts on businesses.

Typical policy measures. Examples of policy measures that can contribute to this goal include:

- Financial literacy education and training programmes, in collaboration with financial institutions and fintech service-providers. For example, the Brunei Darussalam Central Bank organises several financial education programmes, including: Global Money Week, National Savings Day and Financial Planning Courses. In addition, Brunei Darussalam established the National Financial Literacy Council in 2017 to promote financial literacy.⁵²
- Business advisory services to improve financial management practices. These range from business toolkits to bespoke assistance. For example, Enterprise Singapore provides a Financial Management Toolkit to help enterprises assess their financial position and better manage their finances.⁵³
- Reinsurance funds that help with managing risks and reducing disruptions in the insurance market in the aftermath of disasters. An example of this is Thailand's

National Catastrophe Insurance Fund, set up after the 2011 flood crisis to mitigate the disruptions in premiums.⁵⁴

- Microinsurance involving subsidised premiums, commonly targeted at low-income population groups and the agricultural sector. Box 4 presents the example of the Agricultural Insurance for Farmers and Fisherfolk under the Registry System for Basic Sectors in Agriculture (RSBSA) programme managed by the Philippine Crop Insurance Corporation.
- Developing an enabling regulatory framework for risk insurance.

Actors involved. Typical actors involved in financial initiatives include ministries of finance, ministries of agriculture, public insurance institutions and insurance companies and credit guarantee agencies.

Lessons learned. A study on disaster risk financing conducted by the World Bank, in collaboration with the ASEAN Secretariat, and the Global Facility for Disaster Reduction and Recovery (GFDRR), identified the following as effective practices in improving access to disaster risk insurance:

- Leveraging public–private partnerships and collaboration with international organisations to develop risk insurance products.
- Developing risk market infrastructure development, including: risk assessment and pricing methodologies, loss-adjustment procedures, and distribution channels.
- Harnessing digital applications in distribution channels to reach a larger segment of businesses.⁵⁵



PREVENTION

BOX 4. THE PHILIPPINES: PUBLIC CROP INSURANCE

Description

The Agricultural Insurance for Farmers and Fisherfolk under the Registry System for Basic Sectors in Agriculture (RSBSA) programme is a component of the Agricultural Insurance Program designed to protect subsistence farmers and fisherfolk. The RSBSA is a nationwide database of farmers and fisherfolk beneficiaries of public programmes.

It covers seven insurance lines: rice crops, corn crops, high-value crops, livestock, fisheries/aquaculture and non-crop agricultural assets.

Eligibility

- Farmers and fisherfolk listed in the RSBSA;
- Self-financed farmers and fisherfolk who are not beneficiaries of any programme.

Prioritisation criteria

- Farmers with fewer than three hectares;
- Participation in other public programmes;
- Women, youth and indigenous peoples.

Actors involved

The Philippine Crop Insurance Corporation; the Department of Agriculture; the Department of Agrarian Reform; the National Irrigation Administration; and the Bureau of Fisheries and Aquatic Resources.

Budget

₱3.5 billion (~US\$70 million) as provision of government premium subsidy through the General Appropriations Act.

Source: The Philippine Crop Insurance Corporation (2021). [RSBSA Insurance Program](#).

4.1.3 Long-term measures

Policy goal: improve social and economic infrastructure (high priority)

Rationale. As the COVID-19 pandemic made apparent, a strong infrastructure in terms of both coverage and quality is a key enabling factor for MSMEs' resilience.

Typical policy measures. Measures that governments and other development actors may implement to improve their social and economic infrastructure include:

- Updating construction standards and regulations. For example, following the floods of 2011, the Government of Thailand updated the design criteria for industrial parks in order to improve flood protection and drainage capacity.⁵⁶
- Developing medium- and long-term infrastructure development plans that provide a vision for investing in infrastructure projects that increase the resilience of cities, towns and villages. For example, Indonesia has developed national development plans with an emphasis on resilient and sustainable infrastructure, such as the National Medium Term Development Plan 2020–2024 (RPJMN 2020–2024).⁵⁷
- Leveraging public–private partnerships to develop infrastructure, as Viet Nam and many other AMS have done (Box 5).
- Investing in social infrastructure. For example, in 2018 the Government of

Malaysia allocated RM10 million (~US\$2.4 million) to setting up 50 childcare centres.⁵⁸

- Providing financial incentives to expand the delivery capacity of social services, such as those provided to employers in Malaysia to increase the offer of on-site childcare facilities for the children of employees. Private-sector employers can benefit from a double tax deduction for the costs of providing and maintaining childcare centres at the workplace. At the same time, a 10% industrial building allowance is available for buildings used as childcare centres.⁵⁹
- Conducting assessments of delivery capacity. For example, in 2019, the Ministry of Health Brunei Darussalam conducted, in collaboration with the World Health Organization, a joint external evaluation of Brunei's capacities to prevent, detect and rapidly respond to outbreaks and other health emergencies.⁶⁰

Actors involved: Typical actors involved in improving social and economic infrastructure include: ministries of finance, ministries of health, ministries of planning, ministries of social affairs, private investors and international organisations such as the World Health Organization.



PREVENTION

BOX 5. VIET NAM: PUBLIC–PRIVATE PARTNERSHIPS FOR INFRASTRUCTURE DEVELOPMENT

Public–private partnerships (PPPs) are specialised procurement methods employed by governments for the delivery of public goods and infrastructure services. PPPs have been widely used by ASEAN member countries since the early 1980s.

The essential differences between a PPP contract and conventional procurement are that PPP contracts are long-term arrangements featuring private capital at risk and the allocation of transactional risk to the private party. Effective PPPs manage risks by allocating them across public and private sectors in a way that optimises their costs and aligns incentives for performance. In PPPs, design, construction and operational risks are typically passed on to the private partner.

Foreign investments in AMS have focused particularly on infrastructure for telecommunication, transport and power projects. Foreign private participation in infrastructure development in AMS mostly takes the form of non-equity arrangements such as contracts or concessions, and through project financing.

For example, Viet Nam has completed 149 PPP projects since 1990 involving an investment that is equivalent to US\$27,833 million. Most of the PPP projects have been used to develop the electricity infrastructure, including: thermal power plants, solar plants, wind plants and farms, coal plants and hydropower projects.

In order to improve the regulatory framework for PPPs, on 18 June 2020 Viet Nam enacted a Law on PPP Investment.

Lessons from effective PPPs in ASEAN and beyond

PPPs facilitate faster and broader investments in infrastructure; however, these projects also involve several risks, such as breach of contracts and unsustainable fiscal liabilities. Effective practices to minimise these risks include:

- Clear and stable investment, institutional framework and governance;
- Monitoring systems;
- Having a dedicated PPP unit;
- Systematic evaluation of project feasibility;
- Technical and financial capacity of the private partner;
- Alignment with long-term development plans; and
- The establishment of communication mechanisms.

Source: ASEAN Secretariat – UNCTAD (2021). ASEAN Investment Report 2020–2021 Investing in Industry 4.0. Jakarta: ASEAN Secretariat; Deep, A., Kim, J. and Lee, M. (2019). Realizing the potential of public–private partnerships to advance Asia’s infrastructure development: Manual. Asian Development Bank, Korea Development Institute; PPP Knowledge Lab; Zen, F. and Regan, M. (2014). ASEAN Public-Private Partnership Guidelines. Economic Research Institute for ASEAN and East Asia.

4.2 Preparedness



PREPAREDNESS

“The knowledge and capacities to effectively anticipate, respond to, and recover from, the impacts of likely, imminent or current disasters.”

(UNDRR, 2020, p. 15)

Preparedness, the second phase of disaster risk management, involves actions and programmes to develop the knowledge and capacity to anticipate and respond in a timely way to the impacts of disasters and crises. As Table 2 shows, three policy goals

are identified in this pillar: (i) improving the understanding of the risks faced by MSMEs; (ii) developing MSMEs’ disaster planning capabilities; and (iii) strengthening public disaster risk-management governance and capacity.

TABLE 2 SUMMARY TABLE OF POLICY MEASURES AND CASE STUDIES FOR PREPAREDNESS

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
Improve the understanding of the risks faced by MSMEs	Short term	Very high	<ul style="list-style-type: none"> Using information and communications technology innovations to enhance the collection, analysis and dissemination of data Including traditional, indigenous and local knowledge and practices in disaster risk assessments and strategies Recording disaggregated data on the impacts faced by vulnerable groups, such as women, young people, the elderly, ethnic minorities and people with disabilities Involving MSMEs in sector- and location-specific disaster and emergency risk assessments and planning, particularly in community-based disaster risk management Mapping critical supply chains and domestic production capabilities Providing training and advisory services to assess MSMEs’ risks Developing frameworks and tools to assess MSMEs’ risks Delivering awareness campaigns on the risks faced by MSMEs. 	<p>Myanmar: Myanmar Unified Platform for Disaster Risk Application; training by the Fire Services Department</p> <p>Philippines: disaster information management system for business</p>
Develop MSMEs’ disaster planning capabilities	Medium term	High	<ul style="list-style-type: none"> Establishing regulations at different government levels to encourage the establishment of a broad culture of preparedness Delivering awareness-raising campaigns Providing financial incentives for business continuity planning and management, such as tax benefits and financial support Encouraging collaboration between MSMEs and larger companies Providing training and technical advisory services Developing guidelines and toolkits 	<p>Philippines: Honing Agents for National Disaster Awareness (HANDA) programme</p> <p>Thailand: iPrepare Business facility</p>
Strengthen public disaster risk-management governance and capacity	Long term	High	<ul style="list-style-type: none"> Assessing disaster risk-reduction and management capacity and capabilities Creating governance structures for coordinating efforts towards MSME resilience Further developing a disaster-management regulatory framework Building capacity for mainstreaming disaster risk management across government departments 	<p>Cambodia: Capacity-building for mainstreaming disaster risk reduction</p> <p>Philippines: MSME Resilience Core Group</p>

Source: Policy review and consultations conducted for this project.

4.2.1 Short-term measures

Policy goal: improve the understanding of the risks faced by MSMEs (very high priority)

Rationale. As stated by the Sendai Framework for Disaster Risk Reduction 2015–2030,⁶¹ understanding risk is a priority in the prevention and reduction of disaster impacts. Within the Sendai Framework, risks are classified in three dimensions: (i) vulnerability, (ii) capacity and (iii) exposure of persons and assets. In the case of MSMEs, their heterogeneity and geographical dispersion involve additional challenges in identifying and understanding disaster risks.

Typical policy measures. Policy measures that governments can leverage to improve the understanding of the risks faced by MSMEs include:

- Using information and communications technology innovations to enhance the collection, analysis and dissemination of data. For example, the Myanmar Unified Platform for Disaster Risk Application (MUDRA) is an online interactive portal that provides disaster risk information on floods and cyclone winds.⁶² The Philippine Disaster Resilience Foundation (PDRF) implemented a similar disaster information management system, but with a focus on businesses (Box 6).
- Including traditional, indigenous and local knowledge and practices in disaster risk assessments and strategies.
- Recording disaggregated data on the impacts faced by vulnerable groups,

such as women, young people, the elderly, ethnic minorities and people with disabilities.

- Involving MSMEs in sector- and location-specific disaster and emergency risk assessments and planning, particularly in community-based disaster risk management (CBDRM).
- Mapping critical supply chains and domestic production capabilities.
- Providing training and advisory services to assess MSMEs' risks. For example, in Myanmar, the Fire Services Department provides training on fire risks.⁶³
- Developing frameworks and tools to assess MSMEs' risks. [Appendix C](#) presents examples of risk assessment tools for businesses from the Insurance Institute for Business and Home Safety and the UK National Cyber Security Centre.
- Delivering awareness campaigns on the risks faced by MSMEs.

Actors involved. Typical actors involved in improving the understanding of the risks faced by MSMEs include: disaster risk-reduction and management agencies, ministries of trade and industry, ministries of planning, departments of information and communications technology, research institutions, community organisations, private-sector actors and international organisations such as the Pacific Disaster Centre, the World Meteorological Organization and the Asian Development Bank.



PREPAREDNESS

BOX 6. THE PHILIPPINES: DISASTER INFORMATION MANAGEMENT SYSTEM FOR BUSINESSES

The Philippine Disaster Resilience Foundation (PDRF) is the country's major private-sector coordinator for disaster risk reduction and management. Its mission is to build disaster-resilient communities and businesses in the country through private-sector engagement and innovative disaster risk-reduction and management strategies, programmes and technologies.

PDRF bridges partnerships with other private-sector entities, with communities, government agencies, local government units and humanitarian organisations.

As part of its work, PDRF has implemented a disaster information management (DIM) system, which integrates reliable and timely information on disaster management. The DIM system employs a customised ArcGIS online platform called HANDA, or Hazard and Disaster Analysis for Business Resilience.

PDRF–HANDA serves as a unified platform that enables member companies to report, monitor and manage incidents and hazards, enabling them to assess and reduce their risk prior to potential disasters.

Actors involved

HANDA is the result of collaboration between the Philippine Disaster Resilience Foundation, the Philippine Institute of Volcanology and Seismology, the Pacific Disaster Centre, and Esri, an international supplier of geographical information system software.

Source: Philippine Disaster Resilience Foundation, PDRF (2021). [Emergency Operations Center. Disaster Information Management System.](#)

4.2.2 Medium-term measures

Policy goal: develop MSMEs' disaster planning capabilities (high priority)

Rationale. Business continuity planning and management (BCP and BCM) help MSMEs to identify the potential impacts of disasters and define effective mitigation and recovery measures.⁶⁴

Typical policy measures. Governments can incentivise and support BCP and BCM among MSMEs through:

- Establishing regulations at different government levels to encourage a broad culture of preparedness.
- Delivering awareness-raising campaigns.
- Providing financial incentives for business continuity planning and management, such as tax benefits and financial support.
- Encouraging collaboration between MSMEs and larger companies.
- Providing training and technical advisory services. For example, iPrepare Business provided training in BCP and BCM to automotive suppliers in Thailand (Box 7). In the Philippines, the UP Institute for Small-Scale Industries, at the University of the Philippines, delivers the Honing Agents for National Disaster Awareness (HANDA)

programme: Disaster Preparedness and Business Continuity Planning for MSMEs. Training provided through HANDA includes BCP, BCM, community disaster preparedness, cyber-security and information security.

- Developing guidelines and toolkits for business continuity planning. [Appendix C](#) presents examples of guidelines and toolkits developed by ASEAN stakeholders, the Asia-Pacific Economic Cooperation (APEC) and the US Federal Emergency Management Agency (FEMA).

Actors involved. Typical actors involved in supporting the development disaster planning capabilities include: ministries of industry and planning; private-sector actors; and regional and international organisations such as the Asian Disaster Preparedness Center, the United Nations Office for Disaster Risk Reduction, the International Labour Organization, the Asian Development Bank, the Government of Japan, and the German Ministry for Economic Development and Cooperation (BMZ).



PREPAREDNESS

BOX 7. THAILAND: BUILDING RESILIENT SUPPLY CHAINS

The iPrepare Business facility is a joint initiative focused on strengthening the resilience of the private sector, particularly SMEs. Its work involves: providing technical assistance in strengthening resilience on a demand-driven basis; supporting governments in strengthening the enabling environment that promotes risk-sensitive and informed investments by the private sector; and facilitating knowledge-sharing at regional and national levels.

As part of this work, iPrepare Business partnered with Isuzu Motors Company Thailand to provide direct technical support on BCM to automotive suppliers in disaster-risk-prone areas of Thailand. The technical support delivered to the Isuzu suppliers consisted mainly of four in-house BCM training workshops in the following topics:

- Setting up business continuity planning frameworks and project teams;
- Business impact analysis and risk assessment;
- Business continuity management strategy; and
- The plan–do–check–act cycle.

Eligibility criteria

Suppliers were selected for participation based on the following criteria:

- Tier one, primary suppliers, of Isuzu based in Thailand;
- Located in areas vulnerable or prone to disaster risk;
- Demonstrable commitment and support from top management to engage in the initiative; and
- Availability of a core responsible working group of the participating companies.

Lessons learned

Key challenges encountered by companies while developing BCPs and implementing disaster risk-management activities included: a lack of knowledge on the subject, limited human resources, budget constraints and difficulties in cross-department coordination.

Actors involved

The iPrepare Business facility for engaging the private sector in disaster risk management is a joint initiative by the Asian Disaster Preparedness Center (ADPC), the Asian Development Bank (ADB) through the Integrated Disaster Risk Management (IDRM) Fund and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, within the framework of the Global Initiative on Disaster Risk Management (GIDRM).

Source: iPrepare Business facility. [Annual Report 2017](#).

4.2.3 Long-term measures

Policy goal: strengthen public disaster risk-management governance and capacity (high priority)

Rationale. The effectiveness of policy measures depends on the understanding of disaster risk management among government officials and coordination between the relevant actors. Although significant progress has been achieved in the region,⁶⁵ there are still opportunities to strengthen member countries' disaster risk-management governance and capacity

Typical policy measures. Policies that can contribute to strengthening public disaster risk-management governance and capacity include:

- Assessing disaster risk-reduction and management capacity and capabilities.
- Creating governance structures for coordinating efforts towards MSMEs' resilience. For example, the MSME Resilience Core Group in the Philippines is a public–private partnership that was established in 2016 to strengthen the disaster resilience of MSMEs. It is formed by the Department of Trade and Industry, the Department of Science and Technology, the Office of Civil Defence, the Philippine Disaster Resilience Foundation, the Philippine

Chamber of Commerce and Industry, the Philippine Exporters Confederation, the Employers Confederation of the Philippines, the Asia Pacific Alliance for Disaster Management-Philippines and the Asian Disaster Preparedness Center.⁶⁶

- Further developing the disaster management regulatory framework.
- Building capacity for mainstreaming disaster risk management across government departments. Box 8 presents the example of a capacity-building training programme delivered in Cambodia for mainstreaming disaster risk reduction in the public administration.

Actors involved. Typical actors involved in developing disaster risk-management capacity and governance include: disaster risk-prevention and management agencies; ministries of health, social affairs, industry, finance and planning; departments of national defence; industry associations; civil society organisations; and regional and international organisations, such as the Asian Disaster Preparedness Center, the Asian Development Bank and Oxfam.



PREPAREDNESS

BOX 8. CAMBODIA: CAPACITY-BUILDING FOR MAINSTREAMING DISASTER RISK REDUCTION

The National Committee for Disaster Management (NCDM), established in 1995, serves as the coordinating body for all disaster-management-related activities of the government. The main responsibility of the NCDM is emergency preparedness and relief, in addition to coordination with the various government ministries involved in disaster management and response.

The Department of Preparedness and Training, in particular, is responsible for disaster risk-reduction (DRR) mainstreaming into the most relevant ministries and provincial departments under ministries. These include: the Ministry of Agriculture, Forestry and Fishery; the Ministry of Health; the Ministry of Planning and the Ministry of Rural Development; the Ministry of Water Resources and Meteorology; the Ministry of the Environment; the Ministry of National Defense; the Ministry of Education, Sport and Youth; the Ministry of Economy and Finance; and the Ministry of Women's Affairs.

Since 2012, with funding from Oxfam, the Department of Preparedness and Training has developed training materials and conducted “training of trainers” on DRR mainstreaming, which included developing action plans for DRR.

Budget

These efforts are part of the broader Strengthening Coordination for Management Disasters project, supported by the Asian Development Bank through a grant of the Japan Fund for Poverty Reduction (JFPR) of US\$2 million. In addition, the Royal Government of Cambodia provided a monetary contribution of US\$117,600 and an in-kind contribution equivalent to US\$235,400.

Source: Asian Development Bank (2016). [Strengthening Coordination for Management of Disasters](#).

4.3 Response



RESPONSE

“Actions taken directly before, during or immediately after a disaster in order to save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected.”

(UNDRR, 2020, p. 15)

Response, the third phase of disaster risk management, involves actions taken directly before, during or immediately after a disaster in order to minimise its impacts. As Table 3 shows, six policy goals are identified in this pillar: (i) understanding emerging impacts, (ii) ensuring the availability of critical

supplies, (iii) supporting the continuity of MSME operations, (iv) ensuring the subsistence of MSME employees and owners, (v) easing MSMEs’ financial pressures and (vi) building capacity for responsive and agile public-service delivery.

TABLE 3 SUMMARY TABLE OF POLICY MEASURES AND CASE STUDIES FOR RESPONSE

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
Understand emerging impacts	Short term	Very high	<ul style="list-style-type: none"> • Rapid assessments 	<p>Indonesia: Mapping of SMEs affected by COVID-19</p> <p>Malaysia: Several surveys to assess the impacts of COVID-19 on businesses</p> <p>Philippines: <i>Pintig</i> Lab and the MSME Value Chain Rapid Response Survey</p>
Ensure the availability of critical supplies	Short term	Very high	<ul style="list-style-type: none"> • Facilitating imports of critical supplies • Promoting regional cooperation to facilitate trade • Technical and financial assistance for the repurposing of MSMEs’ facilities to produce or expand the production of critical supplies • Public procurement guarantees • Facilitating the coordination of logistics services 	<p>Myanmar: Exceptions and reductions in licence fees for importing essential goods</p> <p>Philippines: Health Progressive Lending for Upgraded Services Program</p> <p>Viet Nam: Development of supplier of PPE</p>
Support the continuity of MSME operations	Short term	Very high	<ul style="list-style-type: none"> • Information and guidance on occupational health and safety • Establishing help desks for MSMEs • Establishing voluntary certification schemes • Authorising care services to continue operating for the children of essential workers • Digitalisation of government procedures • Supporting the adoption of digital technologies for working remotely and reaching customers and suppliers 	<p>Brunei Darussalam: Enterprises Guide on Business Continuity Planning in Brunei Darussalam for COVID-19; One Common Portal; businessBN; Community for Brunei</p> <p>Indonesia: Edukukm.id</p> <p>Lao PDR: Start up Festival</p> <p>Malaysia: Go-eCommerce</p> <p>Philippines: Safety Seal Certification</p> <p>Singapore: Guide on Business Continuity Planning for COVID-19</p>

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
Ensure the subsistence of MSMEs' employees and owners	Short term	High	<ul style="list-style-type: none"> • Job-retention schemes • Creating and expanding unemployment insurance programmes • Delivering cash transfers to vulnerable groups such as people with disabilities, the elderly, the self-employed and migrant workers • Temporary universal basic income (UBI) programmes • Temporary public works programmes 	Indonesia: Indonesian Migrant Workers Benefit; Bpjamostek Jobs Loss Guarantee Programme Singapore: Income and training support for self-employed people
Ease MSMEs' financial pressures	Short term	Very high	<ul style="list-style-type: none"> • Deferral measures • Tax incentives • Derogations of standard procedures in public procurement • Preferential loans • Loan guarantees • Grants and subsidies 	Brunei Darussalam: Salary subsidy for MSMEs; deferrals of employment and pension contributions Cambodia: Business Recovery Guarantee Scheme Indonesia: Tax incentives Malaysia: PENJANA Microfinancing Viet Nam: Tax deferrals
Build capacity for responsive and agile public-service delivery	Medium to long term	High	<ul style="list-style-type: none"> • Developing mission-oriented long-term development plans • Including community engagement in policy design and implementation • Establishing governance structures for citizen–government dialogue and collaboration • Establishing accountability mechanisms • Comprehensive ID information systems for the provision of social protection support • Harnessing new sources of data to understand emerging impacts • Developing institutional frameworks to govern and manage data • Harnessing digital technologies to ensure continuity in the provision of public services • Developing the offer of business advisory services • Leveraging innovation and R&D domestic capabilities through public procurement • Expanding financial and digital inclusion • Institutionalising learning from crises and disasters • Scaling up social protection systems, including social pensions 	ASEAN: ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) Philippines: Digital technologies (DevLive and ADEPT) for public services delivery

Source: Policy review and consultations conducted for this project.

4.3.1 Short-term measures

Policy goal: understand emerging impacts (very high priority)

Rationale. Rapid loss and needs assessments help governments to identify disaster impacts and prioritise needs in a timely and informed manner.

Typical policy measures. Rapid assessments draw upon different resources, such as industry surveys, satellite imagery analysis, modelling and real-time crowding data. Consultations highlighted how governments partnered with international organisations and consultancy firms to conduct rapid assessments of the impacts of COVID-19. For example, the Ministry of Industry of the Republic of Indonesia mapped SMEs affected by the pandemic in collaboration with an international consultancy firm. In Malaysia, the Ministry of Entrepreneur Development and Cooperatives and SME Corp conducted several surveys to assess the impacts of COVID-19 on businesses.

Box 9 presents examples of how UNDP Philippines, in collaboration with the national government, leveraged digital technologies to identify the emerging impacts of the COVID-19 pandemic.

Actors involved. Typical actors involved in rapid assessments include: disaster risk-management agencies, ministries of trade and industry, national statistics offices, the private sector (including consultancy firms),

research institutions and international organisations such as the Global Facility for Disaster Reduction and Recovery (GFDRR), the OECD, the United Nations Development Programme (UNDP), the United Nations Industrial Development Organization (UNIDO) and the World Bank.

Lessons learned. Different reviews and studies have identified effective practices in the design, governance and deployment of rapid needs assessments. These include:

- Establishing (flexible) guidelines and templates to conduct assessments and report losses and needs, including the disaggregation of data from vulnerable groups (see, for example, the GFDRR's Post Disaster Needs Assessments Guidelines presented in [Appendix C](#)).
- Adopting inclusive approaches through broad engagement of civil society and private-sector actors, prioritising the representativeness of vulnerable groups.
- Coordination across key stakeholders to avoid duplicating assessments, including across government departments and between government and non-government actors.⁶⁷



RESPONSE

BOX 9. THE PHILIPPINES: DIGITAL TECHNOLOGIES FOR ASSESSING COVID-19 IMPACTS

During the COVID-19 outbreak UNDP Philippines supported several initiatives leveraging digital technologies to understand the emerging impacts, among them: the *Pintig* Lab and the MSME Value Chain Rapid Response Survey.

The *Pintig* (*Heartbeat* in Filipino) Lab is a multi-stakeholder network of data scientists, epidemiologists, economists and other professionals who, using artificial intelligence and big data, provide real-time policy recommendations. *Pintig* was designed as a platform for managing future crises and supporting evidence-based policy design.

The MSME Value Chain Rapid Response Survey was launched to capture the experiences, behaviour and perceptions of MSMEs during the COVID-19 pandemic. Data collection had two tracks: (a) the deployment of an online survey using Google forms and a chatbot integrated in Facebook Messenger; and (b) the use of social listening (data mining using artificial intelligence) to complement the survey. The survey was deployed in two waves, with the first being conducted during the period 1–15 May 2020 and the second during June 2020.

Actors involved

UNDP Philippines, in collaboration with the Department of Information and Communications Technology, the National Economic Development Authority, the Department of Trade and Industry, the private sector, academia and think tanks.

Source: Capistrano et al. (2020). The *Pintig* Lab: Data Innovation for Socioeconomic Recovery; Mitra, T. Is there a “COVID-19 dividend”? UNDP, Philippines; United Nations Development Programme (2020). MSME Value Chain: Rapid Response Survey, Philippines.

Policy goal: ensure the availability of critical supplies (very high priority)

Rationale. Disasters tend to impact the demand and supply of critical goods simultaneously. As hazards develop, the demand for critical goods, such as food, medicines, water and electricity, surges, while physical barriers (e.g. damaged infrastructure and movement restrictions) limit their production and distribution. In addition, disruptions in the supply chains of major industries can cause severe damage to people's livelihoods, as happened in the apparel industry during the COVID-19 pandemic, a key livelihood for many workers in ASEAN Member States.

Typical policy measures. Responses that governments and regional organisations can implement to ensure the availability of critical supplies in crises and disasters include:

- Facilitating imports of critical supplies (fast lanes; simplification of import procedures; reductions, exemptions and payment deferrals of taxes and customs duties). For example, in Myanmar the government provided exceptions and reductions in licence fees for importing essential goods.⁶⁸
- Promoting regional cooperation to facilitate trade.

- Technical and financial assistance for repurposing MSMEs' facilities to produce or expand the production of critical supplies. For example, the Philippines' Land Bank, through the Health Progressive Lending for Upgraded Services Program, provides loans for SMEs and large corporations operating in the health and medical goods and services sector.⁶⁹ Box 10 presents an example of how collaboration between the United States Agency for International Development (USAID) and the Ministry of Planning and Investment helped to develop local suppliers of personal protective equipment (PPE).
- Public procurement guarantees.
- Facilitating the coordination of logistics services.⁷⁰

Actors involved. Typical actors involved in delivering measures to ensure the availability of critical supplies include: ministries of finance, trade and industry; technology organisations; business support organisations; and international organisations, such as UNIDO and USAID.



RESPONSE

BOX 10. VIET NAM: SMES ADDRESS THE GLOBAL DEMAND FOR PPE

As the COVID-19 pandemic evolved, it disrupted the garment industry in different ways. First, the virus outbreak in China and the resulting lockdown interrupted the supply of input and raw materials to the main garment producers in ASEAN and the rest of the world, forcing many factories to temporarily stop operations. Then, as the virus spread to Europe and the US, the demand for clothing fell dramatically.

Simultaneously, the world experienced a surge in the demand for personal protective equipment (PPE). USAID Viet Nam identified an opportunity in the idle capacity of garment factories in Viet Nam to address the growing demand for PPE in the US.

Through its Linkages for Small and Medium Enterprises (USAID LinkSME) project, USAID Viet Nam identified more than two hundred Vietnamese suppliers of protective equipment and developed a database of their production capabilities for gowns, coveralls, gloves, goggles, respirators, quick tests and other PPE products.

The project involved creating new linkages with non-woven fabric suppliers in the region, the identification of international buyers of PPE in the US and Europe, and technical assistance on quality production and logistics and longer-term supply development support.

Budget

September 2018–September 2023, planned budget of USAID LinkSME: US\$22.1 million.

Actors involved

USAID Viet Nam established an inter-agency task force in close coordination with the Viet Nam Ministry of Planning and Investment, business associations, manufacturing support centres and SME promotion agencies.

Source: IESC (2021). USAID Assists Vietnamese Garment Factories to Respond to the COVID-19 Global Demand Surge for Personal Protective Equipment (PPE); USAID (2021). Fact Sheet: USAID Linkages for Small and Medium Enterprises (LinkSME).

Policy goal: support the continuity of MSME operations (very high priority)

Rationale. During disasters, governments can prevent more severe impacts by supporting the continuity of MSME operations, whenever safe. This can reduce disruptions in supply chains, as well as the likelihood of enterprises facing liquidity issues.

Typical policy measures. Measures that governments and other development actors can deliver to support the continuity of MSME operations include:

- Information and guidance on occupational health and safety (see, for example, the Guides on Business Continuity Planning for COVID-19 published by Enterprise Singapore and Brunei Darussalam Enterprise in [Appendix C](#)).
- Establishing help desks for MSMEs.
- Establishing voluntary certification schemes, such as the Philippines' Safety Seal Certification, which integrates contact tracing with StaySafe.ph.⁷¹
- Authorising care services to continue operating for the children of essential workers.

- Digitalisation of government procedures. For example, the Government of Brunei Darussalam operates the online sites "One Common Portal" and "businessBN", which provide information on business-related procedures and support.⁷²
- Supporting the adoption of digital technologies for working remotely and reaching customers and suppliers. Actions and programmes range from the provision of information on digital tools and suppliers, to training and funding.

Box 11 shows examples of how ASEAN stakeholders leveraged digital technologies during the COVID-19 pandemic to continue providing public services to MSMEs and to support business continuation.

Actors involved. Typical actors involved in supporting the continuity of MSME operations include: ministries of industry and trade; ministries of communications; digital economy agencies; SME promotion agencies; and business associations.



RESPONSE

BOX 11. ASEAN: LEVERAGING DIGITAL TECHNOLOGIES FOR BUSINESS CONTINUITY

The stakeholders consulted for this project highlighted the effectiveness of digital technologies to provide public services to MSMEs and to support the continuity of their business. Examples of initiatives in this area include: start-up promotion, e-learning platforms and e-commerce awareness campaigns and assistance.

E-commerce platform: Brunei Darussalam – Community for Brunei

Description: large-scale digital platform launched in April 2020 to support small business and provide consumers with a safe way to continue their purchases. The platform also supports social projects and conducts fundraising for charity.

Actors involved: Bank Islam Brunei Darussalam.

Start-up promotion: Lao PDR – Start up Festival

Description: event involving start-up showcase and competition to address the issues faced by businesses during the pandemic. Most of the entrepreneurs presented projects related to e-commerce in response to lockdowns.

Actors involved: the Ministry of Industry and Commerce, the Department of SME Promotion, Lao ICT and the Commerce Association.

E-learning: Indonesia – Edukukm.id

Description: e-learning platform created to facilitate the skills' development of SMEs during the pandemic. Courses cover topics including: quality control, branding, online marketing, maintaining liquidity, strategic planning and food processing.

Actors involved: the Ministry of Cooperatives and SMEs.

E-commerce campaign: Malaysia – Go-ecommerce

Description: a campaign to support local businesses participating in e-commerce, run between July and December 2021. Incentives offered through this campaign include: relief or reduction of registration costs, equipment costs or starter packs; relief or reduction of monthly subscription fees and annual maintenance fees; training fees; advertising; and content development services.

Eligibility criteria: local retailers.

Actors involved: the Malaysia Digital Economy Corporation.

Information Website: the Philippines – Tech Tools for MSMEs

Description: website with information on tools and solutions in areas including: e-commerce, e-payment, digital marketing, logistics, working from home, productivity, e-learning and safety management. Some of these tools are free, while others involve the payment of a fee.

Actors involved: the Department of Trade and Industry.

Source: Bank Islam Brunei Darussalam (2021). [Community for Brunei](#); Indonesia Ministry of Cooperatives and SMEs (2021). [Edukukm.id](#); Malaysia Digital Economy Corporation (2019). [Go-ecommerce campaign](#); Philippines Department of Trade and Industry (n.d.). [Tech Tools for MSMEs](#); Stakeholder consultation.

Policy goal: ensure the subsistence of MSME employees and owners (high priority)

Rationale. During crises and disasters, firms may be forced to stop operations, while employees may experience reductions in their incomes or even lose their livelihoods. Direct financial support can help to ease the impacts on people's livelihoods and avoid longer-term effects.

Typical policy measures. Responses that governments and other development actors can implement to ensure the subsistence of MSME employees and owners include:

- Job-retention schemes, which, by subsidising the cost of adjusting working hours, ease firms' liquidity constraints while preventing a surge in unemployment. During the COVID-19 pandemic, governments created and expanded job-retention schemes (simplifying access, extending coverage and increasing the amount of support).
- Creating and expanding unemployment insurance programmes for employees and self-employed people. An example of this is the Bpjamostek Jobs Loss Guarantee Programme in Indonesia. The support provided through this programme includes cash assistance, information on job vacancies and training.⁷³ Box 12 presents the example of the Singapore Self-Employed Person Income Relief Scheme.
- Delivering cash transfers to vulnerable groups such as people with disabilities, the elderly, the self-employed and migrant workers. For example, the Indonesian Migrant Workers Benefit provides support, including: accident insurance, life insurance, pension and transportation reimbursement for repatriation.⁷⁴
- Temporary universal basic income (UBI) programmes, which are particularly useful for micro-enterprises and informal businesses.
- Temporary public works programmes, which are particularly

useful for micro-enterprises and informal businesses.

Actors involved. Typical actors involved include ministries of labour, finance and social affairs, and international organisations, such as the Asian Development Bank, UNDP and the World Food Programme.

Lessons learned. COVID-19 and previous crises have allowed governments and other development actors to learn from their experiences and to identify effective practices. Some of these include:

- Job-retention schemes: (i) complementing these schemes with job search, career guidance and training support; (ii) adopting flexible designs that allow for adjustments as crises evolve, such as variations in the number of hours of work and firms' contributions; and (iii) aligning job-retention schemes with unemployment benefits.⁷⁵
- Unemployment insurance programmes: (i) engaging employers' and workers' representatives in their design; (ii) adopting gender-sensitive approaches; (iii) expanding programmes to seasonal workers, domestic workers, migrants, new entrants and informal workers; (iv) sharing the cost between employers and employees; (v) adopting a flexible design; (vi) including a training allowance; and (vi) having a limited duration (up to one year).⁷⁶
- Cash transfers, including UBI programmes: (i) having robust delivery systems that keep functioning even if the movement of people is constrained; (ii) adopting sound communication strategies; (iii) relaxing programme conditionalities; (iv) simplifying and relaxing eligibility criteria to protect the newly poor; (v) adjusting payment schedules; (vi) gender-sensitive approaches; (vii) increasing reliance on digital

payments, including mobile-based payments; and (viii) adopting third-party monitoring and auditing.⁷⁷

- Public works programmes: evaluations of public works programmes have identified more

effective results when designed for short-term periods and targeted at very disadvantaged groups (e.g. informal workers). Otherwise, they risk having negative impacts on employment.⁷⁸



RESPONSE

BOX 12. SINGAPORE: INCOME AND TRAINING SUPPORT FOR SELF-EMPLOYED PEOPLE

The Government of Singapore launched several programmes to support self-employed people in navigating the negative impacts of the COVID-19 pandemic. One of these is the Self-Employed Person Income Relief Scheme, launched in 2020 as part of the Supplementary Resilience Budget 2020. The Self-Employed Person Income Relief Scheme provided self-employed people with three quarterly cash pay-outs of \$3,000 each, with an additional subsidy covering up to 90% of upskilling course fees and a training allowance of S\$10 (US\$13) per hour.

Eligibility criteria

- Worked as a self-employed person (SEP) on or before 25 March 2020;
- Does not also earn income as an employee;
- Earns a net trade income not exceeding S\$100,000 (~US\$740,00);
- Does not own two or more properties;
- Lives in a property with an annual value less than or equal to S\$21,000 (~15,433).

If married:

- Cannot own two or more properties together;
- Assessable income of spouse cannot exceed S\$70,000 (~US\$51,000).

Over half of the beneficiaries were automatically eligible and received notification from the government (Singaporean self-employed person (SEP) aged 37 and above who declared a positive SEP income to Inland Revenue Authority of Singapore or to the Central Provident Fund Board for Work Year 2018). Of those SEPs who had to apply, approximately 70% of the applications were approved, as the programme allowed for flexibility in the qualifying criteria to support more SEPs.

Outcomes

Close to 200,000 self-employed persons benefited between April and December 2020.

Budget

S\$1.8 billion (~US\$1.3 billion).

Actors involved

The Ministry of Finance, the Ministry of Manpower and the National Trades Union Congress.

Source: Ministry of Manpower (2020). About 88,000 to automatically benefit from Self-Employed Person Income Relief Scheme, Newsroom; NUS COV-AID (2020). For Self-Employed Persons (SEPs).

Policy goal: ease MSMEs' financial pressures (very high priority)

Rationale. Disasters may force enterprises to stop operations temporarily, disrupt distribution channels and cause demand shocks. Financial pressures can push enterprises out of business, creating longer-term impacts on national economies. MSMEs, which tend to have fewer internal resources and less access to finance, are particularly vulnerable to the effects of disasters, including the economic uncertainty that they create.

Typical policy measures. Responses that governments and other development actors can deliver to ease MSMEs' financial pressures include:

- Deferral measures to ease firms' liquidity constraints. These may cover payments of taxes (corporate and personal income, value-added, property), social security and pension contributions, loan repayments, rent (suspension of evictions) and utility payments. Some of these measures tend to be targeted at the most impacted sectors, MSMEs or population groups and usually last from three months to a year.
- Tax incentives may take the form of tax holidays or discounts and accelerating tax refunds.
- Derogations of standard procedures in public procurement such as delay penalties, giving priority to MSME suppliers, and speeding up payments to small business suppliers.
- Preferential loans for MSMEs. Measures during crises and disasters usually involve expanding funding, easing accessibility, extending coverage, simplifying procedures and providing more favourable loan terms. Some of these instruments are focused on the most impacted sectors. Governments and development actors are increasingly leveraging crowd-funding facilities and fintech

companies to provide loans to MSMEs.

- Loan guarantees to incentivise commercial banks to expand their lending to MSMEs. During crises and disasters, governments tend to create new schemes, to expand the funding available for loan guarantees, increase the level of public guarantees, extend coverage and simplify administrative procedures.
- Grants and subsidies to support firms in addressing short-term liquidity issues such as covering employees' salaries while avoiding over-indebtedness.⁷⁹

Box 13 presents examples of financial relief instruments delivered by ASEAN Member States during the pandemic.

Actors involved. Typical actors involved include: ministries of economy and finance, central banks, development banks, commercial banks and international organisations such as ADB, the World Bank and the United Nations Capital Development Fund (UNCDF).

Lessons learned. Effective practices identified in the design, implementation and governance of financial relief instruments include:

- Setting up coordination mechanisms to monitor the impacts and challenges faced by MSMEs in accessing support.
- Simplifying access to support and ensuring effective digital delivery systems.
- Combining finance support with subsidies to avoid longer-term over-indebtedness of both MSMEs and governments.
- Ensuring the sustainability of credit guarantee schemes through: partial coverage rates (70%–80%); competitive bank selection process; risk-adjusted fees; and portfolio diversification by guaranteeing firms from a range of sectors or regions, or

by guaranteeing loans with a range of maturities or loan purposes.

- Targeting vulnerable and remote population groups.⁸⁰



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BOX 13. ASEAN: FINANCIAL RELIEF INSTRUMENTS TO SUPPORT MSMEs DURING COVID-19

The stakeholders consulted for this project recognised the relevance of financial relief instruments to ensure the survival of MSMEs during the COVID-19 pandemic. From the industry stakeholders surveyed, 80% regarded moratoriums and loan repayment assistance as being of high or very high relevance, 76% perceived the same relevance for low-interest loans and 68% for financial aid (one-off payment). Policy instruments included: deferrals in the payment of taxes, loans and pension contributions; discounts in utility bills and rent of public buildings; salary subsidies; guarantee schemes; tax incentives; and preferential loans.

Deferral measures: Brunei Darussalam – deferrals of employment and pension contributions

Description: deferment on contributions towards Employees Trust Fund (TAP) [5%] and Supplementary Contributory Pension (SCP) [3.5%] for local employees earning less than B\$1,500 (~ US\$1,100) per month in MSMEs from all sectors (with fewer than 100 employees).

Actors involved: the Ministry of Finance and Economy has collaborated with relevant national stakeholders in implementing a number of interim measures by prioritising three objectives, which include the assistance of cash flow for MSMEs and to maintain their operational viability; ensuring job security for locals; and protecting the well-being of residents in Brunei Darussalam.

Grants and subsidies: Brunei Darussalam – salary subsidy for MSMEs

Description: 25% salary subsidy for MSMEs for a period of three months.

Eligibility criteria: MSMEs with fewer than a hundred employees and employees contributing to the Employee's Trust Fund and receiving a monthly salary equal to, or lower than, B\$1,500 (~ US\$1,100).

Actors involved: the Ministry of Finance and Economy.

Loan guarantees: Cambodia – Business Recovery Guarantee Scheme

Description: the Business Recovery Guarantee Scheme (BRGS) is the first credit guarantee scheme offered by the Credit Guarantee Corporation of Cambodia plc, established in September 2020. BRGS acts as collateral for 70%–80% of the loan amount borrowed by businesses from the participating financial institutions, reducing the physical collateral required from the borrowers.

Eligibility criteria: majority (over 50%) Cambodian-owned business, officially registered. If the borrower remains a non-registered business, an additional annual guarantee fee of 0.5% is imposed.

Actors involved: Credit Guarantee Corporation of Cambodia plc, the Ministry of Economy and Finance, ADB, the World Bank and UNCDF.

(continued on the next page)

Tax incentives: Indonesia – tax incentives

Description: tax incentives provided by the government include reductions in corporate tax from fiscal year 2020, 100% employee income tax relief, a 30% reduction in monthly corporate income tax instalments and a VAT refund facility of up to IDR5 billion (~ US\$350,000) per month for low-risk taxpayers.

Actors involved: The Ministry of Finance.

Preferential loans: Malaysia – PENJANA Microfinancing

Description: as part of its short-term economic recovery plan, the Government of Malaysia announced the PENJANA Microfinancing funding programme for MSMEs, which provides microloans of up to RM50,000 (~US\$11,600) at an interest rate of 3.5%.

Budget: RM400 million (~US\$100 million). RM50 million earmarked for women entrepreneurs (~US\$12 million).

Actors involved: PENJANA Microfinancing is led by the TEKUN Nasional Foundation (financial agency) and the public bank, the Bank Simpanan Nasional.

Deferral measures: Viet Nam – tax deferrals

Description: In April 2020 the Vietnamese government issued Decree 41 extending the deadlines for tax payments and land rental fees. For value-added and corporate income tax payments, the government granted an extension of five months, while for households the extension period of payments of value-added tax and personal income tax was eight months.

Budget: VND26 trillion (~US\$1 billion), benefiting approximately 98% of the enterprises of eligible sectors.

Actors involved: the Ministry of Finance.

Source: Enterprise Singapore (2020). Business support packages offered by governments in overseas markets (Indonesia); Ministry of Finance and Economy of Brunei (2020). Measures to assist micro, small and medium enterprises (MSMEs) and local employees in the private sector; Measures undertaken by the government in addressing the impact of COVID-19 in Brunei Darussalam; Treasury of Malaysia (2020). Penjana: Building the economy together. Short-Term Economic Recovery Plan June–December 2020; Vietnam Briefing (2020). Vietnam Issues Incentives to Counter COVID-19 Impact.

4.3.2 Medium- to long-term measures

Policy goal: build capacity for responsive and agile public-service delivery (high priority)

Rationale. Previous crises and disasters have provided evidence on how government capacity to deliver public services influences their performance in responding to emerging impacts and the related uncertainty.⁸¹ Thus, it is essential to ensure that all ASEAN Member States can develop a responsive and agile public-service delivery.

Effective practices. Characteristics of governments that have managed to respond in a timely and effective way in crises and disasters include:

- Developing mission-oriented long-term development plans.
- Including community engagement in policy design and implementation.
- Establishing governance structures for citizens (including the private sector) – government dialogue and collaboration.
- Establishing accountability mechanisms.
- Comprehensive ID information systems for the provision of social protection support.
- Harnessing new sources of data to understand emerging impacts.
- Developing institutional frameworks to govern data, including interoperability and data-sharing between government agencies and other development actors, cyber-security and the protection of vulnerable citizens.
- Harnessing digital technologies to ensure continuity in the provision of public services.
- Developing the offer of business advisory services. Less developed countries can leverage capacity in the private sector for this aim.
- Leveraging innovation and R&D domestic capabilities (including

grassroots) for disaster response through public procurement.

- Expanding financial and digital inclusion.
- Institutionalising learning from crises and disasters.
- Scaling up social protection systems, including social pensions.⁸²

Box 14 shows how local and national governments in the Philippines are harnessing digital technologies to improve accountability in infrastructure projects and to enhance social protection systems.

At regional level, the ASEAN Coordinating Centre for Humanitarian Assistance on disaster management (AHA Centre) facilitates cooperation and coordination of disaster management among AMS. The AHA Centre also partners with international organisations, the private sector and civil society organisations.

The AHA Centre supports national disaster management organisations across AMS through capacity-building. There are two signature courses in the ASEAN region: the ASEAN-Emergency Response and Assessment Team; and the AHA Centre Executive (ACE) Programme.⁸³

Governments and development actors have leveraged digital technologies to improve and expand the coverage of their programmes. However, limited financial and digital inclusion may result in the exclusion of the most vulnerable groups. In addition, the collection and management of participants' personal data involves privacy risks that are rarely addressed. In response to this gap, the Cash Learning Partnership developed eight principles for the secure use of personal data in cash and e-transfer programmes. These are presented in Box 15.



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BOX 14. THE PHILIPPINES: HARNESSING DIGITAL TECHNOLOGIES FOR BETTER PUBLIC-SERVICE DELIVERY

In the Philippines the national and local governments are leveraging digital technologies to improve public-service delivery. Projects in this direction include DevLive, a mobile app that facilitates accountability of infrastructure projects, and ADEPT, a pilot project on digital cash transfers.

DevLive is a mobile application, launched in 2019, that allows citizens to provide feedback on local infrastructure projects in real time. The app displays information on local infrastructure projects, including details on fund allocation, fiscal year and location. As well as allowing users to share their feedback, the app maintains their anonymity. The government has also put in place mechanisms to act in response to the feedback and to further engage with citizens. This app was further developed as **DevLive+**, a system that is used to collect, organise, visualise and manage data on vulnerabilities and exposures to climate change, natural hazards and other pressing societal issues.

Actors involved

Department of the Interior and Local Government and the United Nations Development Programme.

The Adaptable Digitally Enabled Post-crisis Transformation (ADEPT) was a pilot project of digital cash transfers through mobile wallets, which ran between April and November 2020, as part of Pasig City's supplemental social amelioration programme.

Challenges and lessons learned

- In the absence of an ID system at city level, the project involved processing information from hard copies of beneficiary lists and relying on community-based groups for verification of account-holders' identity.
- The implementation team needed to find ways to accommodate alternative forms of ID (to those usually accepted by the mobile money operator) for seasonal migrant workers and other disadvantaged groups.
- Identifying beneficiaries without having access to information on mobile money users resulted in delays for 30% of the applicants.
- The DevLive+ app was leveraged and repurposed to ensure consistent data collection and to accelerate information transfer to the mobile money platform.
- For new account-holders, in-person training was provided on how to use the digital wallets.
- Pasig City set up a hotline for beneficiaries to call regarding any issues arising.
- Opportunity areas identified included improving user experience through less burdensome account registration, reduced costs for cashing out and enhanced training.
- While the costs of digital transfers are lower and require fewer personnel, government agencies need to allocate resources for registration, enrolment and financial literacy training.

Actors involved

Pasig City, the United Nations Development Programme, a local mobile money operator.

Source: Department of the Interior and Local Government (2019). [DILG: Use DevLIVE mobile app to give feedback on local infra projects](#); UNDP Philippines (2021a). [Aspiring to be ADEPT: Lessons from a COVID-19 digital cash transfers pilot](#); UNDP Philippines (2021b). [Delivering cash transfer digitally amidst COVID-19 in the Philippines](#).



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BOX 15. PRINCIPLES FOR THE SECURE USE OF PERSONAL DATA IN CASH AND E-TRANSFER PROGRAMMES

E-transfer programmes tend to involve higher privacy risks in the collection, storage, use and disclosure of the data of participants than conventional methods of data gathering. Although the use of e-transfers has increased in the humanitarian sector, these privacy risks tend to be unrecognised and unaddressed. The Cash Learning Partnership has contributed to narrowing this gap by developing principles to enable agencies to address the risks inherent in the use of participants' data by agencies engaged in the delivery of cash, with a specific focus on e-transfer programmes. These include eight principles:

1. **Respect:** Organisations should respect the privacy of beneficiaries and recognise that obtaining and processing their personal data represents a potential threat to that privacy.
2. **Protect by design:** Organisations should “protect by design” the personal data that they obtain from beneficiaries, either for their own use or for use by third parties, for each cash or e-transfer programme that they initiate or implement.
3. **Understand data flows and risks:** Organisations should analyse, document and understand the flow of beneficiary data for each cash or e-transfer programme that they initiate or implement within their own organisation, and between their organisation and others, and develop risk-mitigation strategies that might be required to address any risks arising from these flows.
4. **Quality and accuracy:** Organisations should ensure the accuracy of the personal data that they collect, store and use, including by keeping information up to date, relevant and not excessive in relation to the purpose for which it is processed, and by not keeping data for longer than is necessary.
5. **Obtain consent or inform beneficiaries about the use of their data principle:** At the point of data capture, beneficiaries should be informed about the nature of the data being collected, with whom it will be shared and who is responsible for its secure use, and they should be provided with the opportunity to question the use made of the data and withdraw from the programme should they not wish their personal data to be used for the purposes described.
6. **Security:** Organisations should implement appropriate technical and operational security standards for each stage of the collection, use and transfer of beneficiary data to prevent unauthorised access, disclosure or loss; in particular, any external threats should be identified and actions taken to mitigate any risks arising.
7. **Disposal:** Organisations should not hold beneficiary data for longer than is required unless they have clear, justifiable and documented reasons for doing so; otherwise, data held by the organisation and any relevant third parties should be destroyed.
8. **Accountability:** Organisations should establish a mechanism whereby a beneficiary can request information about what personal data an organisation holds about them, in addition to mechanisms to receive and respond to any complaints or concerns that beneficiaries may have about the use of their personal data.

Source: Cash Learning Partnership (n.d.). Protecting Beneficiary Privacy. Principles and operational standards for the secure use of personal data in cash and e-transfer programmes.

4.4 Recovery



RECOVERY

“The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster affected community or society, aligning with the principles of sustainable development and ‘build back better,’ to avoid or reduce future disaster risk.”

(UNDRR, 2020, p. 15)

Recovery, the fourth phase of disaster risk management, involves actions to restore and improve MSMEs’ performance after a crisis or disaster. A sustainable and inclusive recovery involves not only restoring business performance to pre-crisis levels but also doing so while reducing future disaster risks and closing inequality gaps. As Table 4 illustrates, seven policy goals are identified

in this pillar: (i) expanding MSMEs’ access to markets; (ii) increasing the adoption of digital technologies among MSMEs; (iii) supporting MSMEs’ “green” transformation; (iv) upskilling and reskilling employees; (v) making innovation and entrepreneurship more inclusive; (vi) improving the financial sustainability of MSMEs; and (vii) strengthening MSMEs’ innovation capacity.

TABLE 4 SUMMARY TABLE OF POLICY MEASURES AND CASE STUDIES FOR RECOVERY

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
Expand MSMEs’ access to markets	Short term	Very high	<ul style="list-style-type: none"> • “Buy local” campaigns • Supplier development programmes • Developing publicly funded e-commerce platforms that facilitate access to e-commerce for MSMEs • Export assistance, including technical advice, support for attending international trade fairs and exhibitions, networking, insurance and finance, and simplification of export procedures for MSMEs 	Brunei: Bruneian Made; Community for Brunei Indonesia: online free halal certification #BanggaBuatanIndonesia Malaysia: Women Exporters Development Programme Bumiputera Supply Chain Fund Philippines: One Town, One Product Thailand: thaitrade.com
Increase the adoption of digital technologies among MSMEs	Short term	Very high	<ul style="list-style-type: none"> • High-level strategies and plans to provide a long-term vision and define specific targets • Activities and programmes aimed at raising awareness of the benefits of digital technologies and the risks involved in their adoption • Technical advice, including readiness assessments • Grants and loans for making digital technologies more affordable to MSMEs • Training programmes 	Brunei: eKadaiBrunei (online directory of e-commerce platforms); DARE LINKS (B2B platform); AITI Strategic Plan 2020–2025 Lao PDR: SMART UP (eLearning platform) Malaysia: SME Automation and Digitalisation Facility; My Assist MSME Singapore: SMEs Go Digital
Support MSMEs’ “green” transformation	Medium term	Medium	<ul style="list-style-type: none"> • High-level strategies and governance structures to provide long-term vision and facilitate coordination • Technical support for compliance with environmental standards and regulations 	ASEAN: ASEAN Taxonomy for Sustainable Finance; Framework for Circular Economy for the ASEAN Economic Community Cambodia: National Strategic Plan on Green Growth 2013–2030; National Circular Economy Strategy and Action Plan; and the

Policy goal	Time frame	Priority	Typical policy measures	Examples of policy measures in ASEAN
			<ul style="list-style-type: none"> • Incentivising and providing financial support for the adoption of low-carbon processes and products • Adopting public procurement procedures that favour suppliers that adopt environmentally sustainable practices 	<p>Long-Term Strategy for Carbon Neutrality</p> <p>Malaysia: Policy mix (tax allowances, government green procurement, certification, financing)</p> <p>Myanmar: Green Financing SME</p> <p>Philippines: awareness-raising events</p>
Upskill and reskill employees	Medium term	Very high	<ul style="list-style-type: none"> • Training subsidies targeted at MSMEs • Developing massive open online course platforms • Providing skills' development support for unemployed people • Enhancing existing skills' development programmes • Mentorship programmes • Skills' needs assessment and foresight analyses 	<p>ASEAN: ASEAN SME Academy</p> <p>Brunei: Industry Business Academy</p> <p>Indonesia: Pre-Employment Card Program</p> <p>Philippines: TESDA Online Program</p> <p>Singapore: SGUnited Jobs and Skills Package; SkillsFuture Queen Bees Networks; Transformation Maps; and the report Skills Demand for the Future Economy</p> <p>Thailand: New Economy Academy</p>
Make innovation and entrepreneurship more inclusive	Medium term	High	<ul style="list-style-type: none"> • High-level policies, regulations and strategies • Establishing entrepreneurship and innovation support programmes targeted at under-represented groups • Conducting awareness activities on gender and other types of social discrimination • Investing in social infrastructure 	<p>Cambodia: Cambodia – Leading the Way for Gender Equality programme</p> <p>Malaysia: Micro Connector Programme (technical assistance and training)</p> <p>Philippines: Republic Act 7882; Emerging FILIPINA Lending Program</p> <p>Thailand: Fund for the Promotion and Development of the Quality of Life of People with Disabilities</p>
Improve financial sustainability of MSMEs	Long term	Very high	<ul style="list-style-type: none"> • High-level policies, regulations and strategies • Expanding the offer of finance for MSMEs and making it more accessible to the under-served population • Establishing or expanding public or group guarantees programmes • Providing debt-restructuring support • Leveraging and regulating alternative sources of finance 	<p>Brunei Darussalam: Investment Incentive Order</p> <p>Cambodia: Credit Guarantee Corporation of Cambodia plc</p> <p>Lao PDR: Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project</p> <p>Malaysia: equity crowdfunding and peer-to-peer financing</p> <p>Myanmar: Myanmar Financial Inclusion Roadmap 2019–2023; JICA SME two-step loan</p> <p>Philippines: I-Rescue Lending Programme</p> <p>Thailand: Asset Warehousing Scheme with Buy-Back Options (debt restructuring support)</p>
Strengthen MSMEs' innovation capacity	Long term	High	<ul style="list-style-type: none"> • High-level strategies • Public procurement and innovation awards • Direct financial support • Fiscal incentives • Business advisory services • Innovation networks 	<p>Brunei Darussalam: Micro Bootcamp, Accelerate Bootcamp</p> <p>Cambodia: Science, Technology and Innovation Roadmap 2030</p> <p>Indonesia: #1000 Startup Digital</p> <p>Philippines: Small Enterprises Technology Upgrading Program; assistance and training provided by the Intellectual Property Office of the Philippines</p> <p>Thailand: Innovation and Technology Assistance Program</p>

Source: Policy review and consultations conducted for this project.

4.4.1 Short-term measures

Policy goal: expand MSMEs' access to markets (very high priority)

Rationale. Crises and disasters can have immediate impacts on the supply of goods and services, while the effects on people's livelihoods tend to cause a drop in the demand for non-essential goods. As a country recovers, most vulnerable firms, such as MSMEs, are likely to need additional support to access consumers. In addition, governments and other development actors can leverage MSMEs' capacity for strengthening domestic production of critical goods, such as foods and medicines.

Typical policy measures. Policy measures aimed at expanding MSMEs' access to markets include:

- "Buy local" campaigns, such as Bruneian Made, to support MSMEs commercialising their products through offline and online channels. A similar campaign has been launched in Indonesia, #BanggaBuatanIndonesia, to promote MSME products. This campaign includes priority access to public procurement.
- Supplier development programmes help MSMEs to improve the quality of their goods and services and expand their production capacity. These may involve product development assistance, standards' compliance support and market intelligence advice, among other services. The Philippines' One Town, One Product programme is an example of a supplier development programme that combines supplier development support with access to offline and online market channels. Another example is the financing programme, the Bumiputera Supply Chain Fund, managed by the Malaysia SME Bank Group, which provides working capital and asset financing to develop SME suppliers.⁸⁴
- Developing publicly funded e-commerce platforms that facilitate access to e-commerce for MSMEs.

Access to these platforms is usually subsidised or free and accompanied by training and technical assistance, such as communityforbrunei.com and thaitrade.com

- Export assistance, including technical advice, support for attending international trade fairs and exhibitions, networking, insurance and finance, and simplification of export procedures for MSMEs. The Malaysia External Trade Development Corporation offers a broad range of services for new exporters, as described in Box 16. Similarly, the Thailand Department of International Trade Promotion provides support for attending international trade fairs through its SME Pro-active programme.⁸⁵

Actors involved. Common actors involved in supporting MSMEs' market diversification include: ministries of trade and industry, ministries of commerce, SME development centres, ministries of finance and development banks.

Lessons learned. Effective practices identified from the policy review include:

- Combining market access initiatives, such as "buy local" campaigns and international trade fairs, with technical assistance to improve product quality and export finance.
- Establishing clear legal instruments in place to govern e-commerce, e-payments and consumer protection.
- Targeting support to the under-represented population, such as women and young people. For example, the Malaysia External Trade Development Corporation offers targeted support for women and young people through its exporters' development programmes (Box 16).
- Monitoring and evaluating initiatives.⁸⁶



RECOVERY

BOX 16. ASEAN: REVITALISING MSMEs' DEMAND

Towards the post-COVID-19 recovery, ASEAN governments have seized the progress achieved in the digitalisation of MSMEs and supported these enterprises to reach buyers in domestic and international markets. Examples of these types of programme include:

“Buy local” campaigns: Brunei Darussalam – Bruneian Made

Description: a market promotion programme, launched in 2017, that supports local companies to sell their products through offline (in hotels and supermarkets) and online channels.

Eligibility criteria: (i) registered companies; (ii) locally owned; (iii) products that meet official labelling requirements (brand name, product name, expiry date, barcode, ingredients, etc.).

Actors involved: Darussalam Enterprise; IT and logistics companies.

Certification support: Indonesia – online free halal certification

Description: Halal certification allows MSMEs to build and expand their business, especially in the culinary and cosmetics markets. As part of Indonesia's vision to become the production centre of “halal industry”, the government has simplified and sped up the halal certification process from 3 months to 21 days, created an online certification system and provided free certification services to MSMEs. The government aims to reach 15,000 MSMEs.

Actors involved: the Ministry of Religion and Ministry of Finance.

Export assistance: Malaysia – Women Exporters Development Programme (WEDP)

Description: WEDP is a three-year export support programme targeted at women exporters. WEDP began in 2005. It involves: customised business coaching, skills' enhancement training, international business exposure and market immersions, free exhibition space allocation (12 months at the Malaysia Export Exhibition Centre), networking and mentoring sessions, and leadership and entrepreneurial development. A similar programme is also offered for young people (20–40 years old).

Eligibility criteria: (i) companies where at least 51% of the equity is held by women; (ii) the CEO and/or managing director should be women; (iii) classified as an SME; (iv) has been in operation for a minimum of three years; (v) the company has reached market visibility domestically; (vi) and the business premises are located in the country.

Actors involved: the Malaysia External Trade Development Corporation (MATRADE).

Supplier development: the Philippines – One Town, One Product (OTOP)

Description: OTOP is a programme that was originally inceptioned in Japan, adopted in the Philippines in 2002 and then relaunched in 2017. It involves two main components: (i) OTOP Next Gen, the supply side of the programme, which involves product development assistance (design, packaging, standards' compliance, branding, etc.); and OTOP.PH, or the OTOP Philippines Hub, the demand side of the programme, which involves the provision of physical and online market channels.

Target population: manufacturing MSMEs (processed food, agri-products, arts and crafts, home and fashion) and MSMEs operating in skills-based services (sculpting, wellness, cosmetics, etc.).

Budget: ₱78.7 million (~US\$1.5 million).

Actors involved: the Department of Trade and Industry.

Outcomes and impact: In 2020, 22 OTOP.PH hubs were established to support MSMEs; 14,367 MSMEs were assisted, which developed or improved 6,677 products and generated sales for ₱1.81 billion (~US\$35,000).

Source: Darussalam Enterprise (2020). *Bruneian Made*; Indonesia Ministry of Religion (2021). *Kemenag Dukung Sinergi Akselerasi Pengembangan UMKM Industri Halal*; MATRADE (2021). *New Exporters Development Programme*; Philippines Department of Trade and Industry (N.D.). *OTOP*; Philippines Department of Trade and Industry (2021). *Status of Implementation of Locally-funded projects and foreign-assisted projects as of 31 December 2020*.

Policy goal: increase the adoption of digital technologies among MSMEs (very high priority)

Rationale. Digital technologies have helped firms to cope better during crises and disasters and to recover faster, as became apparent during the COVID-19 pandemic. During the COVID-19 outbreak, digitally advanced firms managed to respond better to the changing environment, making organisational changes, developing new products, conducting business activities online, repurposing their facilities and adopting new equipment. As a result, digitally advanced firms experienced smaller impacts on sales, profits and employment.⁸⁷

Although the COVID-19 pandemic has accelerated the adoption of digital technologies, MSMEs are lagging behind and need support from governments and other development actors to: identify and acquire technologies that fit their needs better; develop capabilities for harnessing the benefits of these technologies; and address the risks involved in the adoption of digital technologies, such as cyber-threats, occupational hazards increasing inequality and pervasive surveillance.⁸⁸

Typical policy measures. Actions and programmes that can be leveraged to support the adoption of digital technologies among MSMEs include:

- High-level strategies and plans to provide a long-term vision and define specific targets. For example, the Authority for Info-communications Technology Industry of Brunei Darussalam (AITI), in its Strategic Plan 2020–2025, set a target of increasing the use of digital technology in at least 20% of MSMEs by 2025.⁸⁹
- Activities and programmes aimed at raising awareness of the benefits of digital technologies and the risks involved in their adoption. These may include: workshops, demonstrators, readiness assessment tools and guides on data privacy and cyber-security best practices. [Appendix C](#) presents examples of assessment tools.

- Technical advice, including readiness assessments, to help firms adopt digital technologies.
- Grants and loans to make digital technologies more affordable to MSMEs. A common approach is to provide vouchers that cover part of the total cost of technology acquisition (usually between 60% and 90%) of pre-selected technology applications and vendors.
- Training programmes to help MSMEs develop the digital and organisational skills needed to adopt digital technologies successfully.
- Making e-commerce accessible to MSMEs. This may involve providing information on e-commerce providers or creating public e-commerce platforms.⁹⁰

Actors involved. Actors typically involved include: ministries of industry, ministries of commerce, ministries of telecommunications, innovation agencies, cyber-security agencies, research and technology institutes, industry associations, consultancy firms, technology vendors, development banks and international organisations, such as USAID and UNDP.

Lessons learned. Effective practices in the design and delivery of programmes aimed at supporting the adoption of digital technologies among MSMEs include:

- Leveraging third-party specialists in programme delivery, such as private training providers, higher education and research institutes, business services consultants and technology vendors.
- Following a life-long learning approach in training programmes.
- Differentiating between the needs of micro- and new enterprises and those that are larger and more mature; and across different sectors.
- Linking technical advice to other types of support, such as funding.

- Including a mix of existing programmes and new measures to boost the recovery of MSMEs.
- Establishing a digital one-stop-shop,⁹¹ such as Malaysia's My Assist MSME, an online one-stop business advisory platform.⁹²



RECOVERY

BOX 17. ASEAN: SUPPORTING THE DIGITALISATION OF MSMEs

Amid the COVID-19 pandemic, digitalisation support for MSMEs was one of the most frequent initiatives delivered by ASEAN governments. Although most of these programmes focused on facilitating access to e-commerce, some addressed a broader type of application. Examples of initiatives supporting the digitalisation of ASEAN MSMEs include:

E-commerce platforms: Brunei Darussalam– eKadaiBrunei and DARE LINKS

Description: ekadaiBrunei is an online directory of e-commerce platforms and delivery services.

DARE LINKS is a B2B platform that is free of charge, designed to support greater participation of MSMEs in local value chains.

Eligibility criteria: For eKadaiBrunei, each e-commerce provider defines their criteria. For DARE LINKS, vendors' criteria include: (i) the company is locally registered, (ii) minimum one year of business operations and (iii) the ability to demonstrate the potential to deliver the contract.

Actors involved: Darussalam Enterprise, Authority for Info-communications Technology Industry and providers of e-commerce and delivery services.

Finance: Malaysia – SME Automation and Digitalisation Facility

Description: finance for up to RM3 million (~\$US710,000) to purchase equipment, machinery, computer hardware and software, IT solutions and services, technology support services and other intangible assets to enhance productivity and efficiency. The annual financing rate is up to 4% and the maximum tenure is 10 years.

Eligibility criteria: (i) SMEs officially registered; (ii) shareholding by public listed companies and government-linked companies shall not exceed 20%; (iii) Malaysians residing in the country that hold a minimum of 51% shareholding in the business.

Actors involved: Bank Negara Malaysia, the Central Bank of Malaysia. Participating financial institutions include commercial banks, Islamic banks and other development financial institutions.

Training: Lao PDR – SMART UP

Description: SMART UP is an e-learning platform developed to enhance the digital skills of SMEs. It provides free training in eight areas: (i) basic accounting, (ii) introduction to digitalisation, (iii) multimedia, (iv) online security, (v) e-commerce essentials, (vi) digital marketing, (vii) full stack development and (viii) introduction to data analysis.

Actors involved: the Department of Small and Medium Enterprise Promotion, the Ministry of Industry and Commerce, the Lao ICT Chamber of Commerce, and the United States Agency for International Development (USAID).

Policy mix: Singapore – SMEs Go Digital

Description: The SMEs Go Digital programme provides a structured and inclusive approach to help SMEs use digital technologies and build stronger digital capabilities to seize growth opportunities in the digital economy. The programme comprises several key pillars, including (i) sector-specific Industry Digital Plans (IDPs) that provide a step-by-step guide on the digital solutions for SMEs to adopt and relevant training for their employees at different stages of their growth; (ii) pre-approved digital solutions supported under the Productivity Solutions Grant (PSG); and (iii) cost-free digital consultancy services.

Actors involved: the Infocomm Media Development Authority and Enterprise Singapore.

Source: Bank Negara Malaysia (2021). [BNM's Fund for SMEs: SME Automation and Digitalisation Facility \(ADF\)](#); Darussalam Enterprise (2020). [Dare LINKS](#); Darussalam Enterprise (2020). [eKadaiBrunei](#); IBI (2021). [Lao SMEs Improve their Digital Skills via a New Online Training Portal](#); Singapore Infocomm Media Development Authority (2022). [SMEs Go Digital](#).

4.4.2 Medium-term measures

Policy goal: support MSMEs' "green" transformation (medium priority)

Rationale. MSMEs are particularly vulnerable to disasters but they can also contribute to reducing the likelihood of future disasters. A sustainable recovery involves incentivising firms, including MSMEs, to adopt practices and technologies that can increase efficiency in the use of resources and reduce the negative impacts on the environment.

Typical policy measures. Policies that governments and other development actors can deliver in this direction include:

- Establishing high-level strategies and governance structures. Cambodia, for example, has published several strategies in this area, including: the National Strategic Plan on Green Growth 2013–2030; the National Circular Economy Strategy and Action Plan; and the Long-Term Strategy for Carbon Neutrality. The Royal Government of Cambodia also established the National Council for Sustainable Development, which is in charge of coordinating implementation of the Long-Term Strategy for Carbon Neutrality.⁹³
- Delivering awareness-raising programmes on the economic opportunities and environmental benefits of adopting “green” practices. For example, in the Philippines, the Department of Trade and Industry conducts awareness events.
- Providing technical support for compliance with environmental standards and regulations, particularly for small and medium enterprises.
- Incentivising and providing financial support for the adoption of low-carbon processes and products. For example, through Green Financing SME, the Myanmar Citizens Bank provides loans of up to US\$3,000 for business investments, including to reduce the impact of the firm on the

environment. The bank has partnered with suppliers and experts to facilitate SMEs’ access to “green” investments.⁹⁴ In the Philippines the Land Bank also provides loans for adopting energy-efficient systems through its Go Green Inclusive Financing Program.⁹⁵

- Adopting public procurement procedures that favour suppliers that adopt environmentally sustainable practices. These measures may be particularly relevant for small- and medium-sized enterprises. For example, Malaysia committed to greening 20% of its public procurement by 2020.⁹⁶

Box 18 presents examples of programmes operated by the Malaysian Green Technology and Climate Change Centre (MGTC), the government agency leading Malaysia’s transformation towards green growth.

At regional level, the ASEAN Taxonomy for Sustainable Finance provides guidance on the economic activities that may contribute to a sustainable transition. Meanwhile, the Framework for Circular Economy for the ASEAN Economic Community defines strategic goals, guiding principles, strategic priorities, and enablers for the progressive adoption of the circular economy model (See [Appendix C](#)).

Actors involved. Actors typically involved in supporting the adoption of resource-efficient processes among MSMEs include: ministries of finance and planning, ministries of industry, ministries of agriculture, innovation agencies, industry associations and development banks.

Lessons learned. Effective practices in the design and delivery of programmes aimed at supporting “green” practice among MSMEs include:

- Providing MSMEs with information on how complying with

- environmental regulations may have positive impacts on MSMEs' profits.
- Including third-party independent auditing of compliance for granting certificates.
- Establishing one-window agencies that support MSMEs in becoming greener.
- Establishing environmental regulatory regimes that differentiate between MSMEs and larger enterprises.⁹⁷



RECOVERY

BOX 18. MALAYSIA: POLICY MIX FOR A GREEN RECOVERY

The Malaysian Green Technology and Climate Change Centre (MGTC) is the government agency leading Malaysia's transformation towards green growth, climate-change mitigation and a green lifestyle. Three national policies regulate the role of MGTC: the National Green Technology Policy, the National Climate Change Policy and the Green Technology Master Plan.

Initiatives and programmes managed by MGTC include:

- Green investment tax allowances** (of 100% of qualifying capital expenditure) for the purchase of green technology equipment and **green income tax exemption** for green technology service-providers. Green technology is defined as products, equipment and systems used to conserve the natural environment and resources, which minimises and reduces the negative impact of human activities.
- Coordination and monitoring of **government green procurement**. This involves providing guidelines for the procurement of products, services and works that take into account environmental criteria and standards for protecting the environment and natural resources and minimise or mitigate the negative effects of human activities. The 11th Malaysian Plan stated the target of greening 20% of its procurement by 2020.
- MyHIJAU Mark**. This is a **certification programme** that helps green technology-providers, including MSMEs, to gain visibility and recognition through the MyHIJAU Directory. To ensure the credibility of the MyHIJAU programme, MGTC entrusts verification to independent third-party partners.
- Green Technology Financing Scheme**. This scheme provides loans for the production (up to RM100 million ~ US\$23.9 million) or use (up to RM50 million ~ US\$11.9 million) of green technologies and for improving energy efficiency or the use of renewable energy resources (up to RM25 million ~ US\$6 million).

Other government actors involved in the design and delivery of these programmes include: the Ministry of Finance and the Ministry of Energy, Science, Technology, Environment and Climate Change.

Source: [MGTC Website](#); Green Tech Malaysia (2016). [Features of GTS 2.0](#).

Policy goal: upskill and reskill employees (very high priority)

Rationale. The resources disbursed as part of the recovery strategies represent an opportunity for skills' development. Crises and disasters accelerate the need for new skills; for example, during the COVID-19 outbreak the demand for digital skills ramped up. In addition, those that lose their jobs may need to acquire new skills to find jobs in industries that are performing better. However, as a result of their limited resources, MSMEs are less likely than larger companies to send employees for training.⁹⁸

Typical policy measures. Actions and programmes that can facilitate the upskilling and reskilling of MSME employees include:

- Providing training subsidies targeted at MSMEs, such as those provided by SkillsFuture Singapore (Box 19).
- Developing massive open online course platforms. A regional example is the ASEAN SME Academy, which features interactive online courses in finance, branding, marketing, trade and technology to accelerate MSMEs' growth.⁹⁹ National examples include those offered by the Technical Education and Skills Development Authority in the Philippines and the Industry Business Academy, launched by Darussalam Enterprise, in collaboration with Coursera, in Brunei.¹⁰⁰
- Providing skills' development support for unemployed people, such as Kartu Prakerja (Pre-Employment Card Program) in Indonesia.
- Enhancing existing skills' development programmes. This may include increasing funding, easing eligibility criteria and creating umbrella programmes that integrate different services and support. An example of this is SGUnited Jobs and Skills Package in Singapore, which was created to support job-seekers and enterprises impacted by the disruptions caused by the pandemic. It involves: a virtual career fair, a skills-matching job portal, traineeships, skills' development for mid-career individuals and career-conversion programmes.

- Mentorship programmes, where larger and successful firms provide skills advisory support to MSMEs. For example, in Singapore, through the SkillsFuture Queen Bees Networks,¹⁰¹ SMEs receive support that helps them to identify their skills' needs and relevant training programmes and allows them to participate in networks led by industry champions.
- Skills-needs assessment and foresight analyses help firms – especially MSMEs – and education- and training-providers to prepare for present and future opportunities. In Singapore different initiatives address this, such as the Jobs Transformation Maps¹⁰² and the report *Skills Demand for the Future Economy*,¹⁰³ which identifies three economic pillars: the digital economy, the green economy and the care economy.

Actors involved. Actors typically involved in designing and delivering skills' development programmes include: ministries of economy, ministries of labour, technical and vocational education departments, departments of information and communication technologies, industry associations, universities, technology institutes and other training providers.

Lessons learned. The social distancing measures imposed during the COVID-19 pandemic have accelerated the adoption of digital technologies, and skills' development is no exception. Digital technologies have enabled the delivery of free and self-paced courses to large audiences. Some governments have even taken advantage of these applications to conduct capacity-building among their staff. Some lessons from the pandemic include the following:

- Timely response and flexibility to unexpected increases in the number of users.
- Depending solely on online resources may result in the exclusion of vulnerable population groups that may not have access to IT devices or the Internet.

**BOX 19. ASEAN: SKILLS' DEVELOPMENT PROGRAMMES**

Skills' development programmes are among the most frequent initiatives mentioned by the government stakeholders consulted for this project, 44% of whom reported expanding or creating new training programmes in response to the COVID-19 pandemic. Examples of this type of programme include:

Skills' development for unemployed people: Indonesia – Kartu Prakerja (Pre-Employment Card Program)

Description: The Kartu Prakerja programme combines temporary social assistance with skills' development to help laid-off workers and job-seekers, including informal workers. Participants receive non-cash credit that can be used to buy an online course of their choice on several digital platforms, which the government has partnered with. A variety of courses are available, ranging from learning a new language, to graphic design, computer science, and learning how to become a coffee barista, hairdresser and hotel receptionist. After completing a course, the participant receives a monthly payment of IDR600,000 for four months.

Target group: unemployed people (formal and informal).

Budget: Rp20 trillion (~ US\$1.4 billion).

Actors involved: The programme is jointly implemented by the Coordinating Ministry of Economic Affairs and the Ministry of Labour. Start-ups were contracted to deliver the training courses.

Impact and lessons learned: 17% of unemployed participants started their own business in 2020. However, because the programme is highly reliant on digital platforms and the Internet, those who may be more vulnerable and without access to these technologies and services are likely to be excluded.

Massive open online courses (MOOCs): the Philippines – TESDA Online Program

Description: the TESDA Online Program (TOP), established in 2012, is a web-based platform that offers free MOOCs for technical education and skills' development. TOP offers a variety of courses in topics including: electronics, entrepreneurship, social media, digital literacy and environmental literacy.

Actors involved: the Technical Education and Skills Development Authority (TESDA) and the Department of Information and Communications Technology.

Outcomes and lessons learned: From January to December 2020, more than 1 million people enrolled in TOP courses. To accommodate the sudden surge in registrants, TESDA coordinated with the Department of Information and Communications Technology to update and migrate the TOP to the Amazon Web Services cloud.

Enhancing support: Singapore – SGUnited Jobs and Skills Package

Description: a set of programmes and services to support job-seekers and enterprises impacted by the disruptions caused by the COVID-19 pandemic. Support includes: a virtual career fair that lists job opportunities; a skills-matching job portal; enhancements to the Mid-Career Pathways Programme, which involves training support and six-month industry placements for mid-career individuals; enhanced support for the Traineeships Programme for new graduates; information kiosks; careers advice and guidance; and career-conversion programmes.

(continued on the next page)

Enhancing support: Singapore – SGUnited Jobs and Skills Package

The SkillsFuture Enterprise Credit (SFEC) also encourages employers to invest in enterprise and workforce transformation programmes, where eligible employers will receive a one-off \$10,000 credit to cover up to 90% of out-of-pocket expenses for a range of training courses.

Actors involved: Workforce Singapore, SkillsFuture Singapore, autonomous universities, polytechnics, the Institute of Technical Education and the National Institute of Early Childhood Development, and external training providers.

Entrepreneurship training and education: Thailand – New Economy Academy

Description: an agency established in January 2017 with the aim of developing entrepreneurs. Training courses are delivered both online (e-academy) and offline on topics including: innovation, international trade, e-commerce, value creation and new business trends and digital marketing.

Actors involved: the Ministry of Commerce.

Source: KOMINFO (2021). Peningkatan Potensi Ekonomi Digital untuk Mendukung UMKM; Social Protection for Employment Community (2020). Pre-Employment Card Program; SkillsFuture Singapore (2020). Enhanced Training Support for SMEs; Thailand New Economy Academy (2021). About NEA; TESDA (2021). Tesda Annual Report; TESDA (2022). About TOP; Workforce Singapore (2022). SGUnited.

Policy goal: make innovation and entrepreneurship more inclusive (high priority)

Rationale. Discriminatory social norms hinder the participation of women, people with disabilities and ethnic minorities, among other population groups, in innovation and entrepreneurship activities. For example, it has been extensively documented how women experience lower access to finance and capital as a result of discriminatory laws and customary practices and the resultant lack of collateral, limited business networks, lower financial literacy, as well as conscious and unconscious biases.¹⁰⁴ Although ASEAN countries have made progress in making innovation and entrepreneurship more inclusive, there are still gaps that need to be narrowed.

Typical policy measures. Policy measures that governments and development partners can leverage in pursuit of this aim include:

- Developing high-level policies, regulations and strategies to provide a framework for inclusive policies. For example, in the Philippines the Republic Act 7882, enacted in 1995, provides a framework to support women entrepreneurs.
- Establishing entrepreneurship and innovation support programmes targeted at under-represented groups. This may include microfinance programmes, training and angel investment networks, among other services. Examples of programmes in the ASEAN region include Malaysia's Micro Connector Programme and Thailand's Fund for the Promotion and Development of the Quality of Life of People with Disabilities.
- Conducting awareness activities on gender and other types of social discrimination. This may include social media campaigns, awards and training, such as those involved in the Leading the Way for Gender Equality programme in Cambodia (Box 20).

- Investing in social infrastructure, as discussed in Section 4.1.3.

Actors involved. Actors typically involved include: ministries of women affairs; ministries of trade and industry; ministries of labour and vocational training; MSME development centres; agencies supporting the development of women, civil society organisations; people with disabilities and ethnic minorities; and international organisations such as UNDP.

Lessons learned. Effective practices identified in the design, implementation and governance of measures aimed at promoting inclusive innovation and entrepreneurship include:

- Complementing financial support with training.
- Applying the Women's Economic Empowerment Framework to guide public and private initiatives.¹⁰⁵
- Including peer support, which helps participants to expand their business networks and has been found to contribute to better outcomes.
- Avoiding one-off training programmes.
- Leveraging existing channels of communication rather than establishing new tools.
- Leveraging short message services (SMS) for supporting innovators and entrepreneurs located in remote areas with limited access to the Internet.
- Collecting disaggregated data of groups that are under-represented in innovation and entrepreneurship.
- Providing diversity and inclusion training to government officials and providers of business advisory services.
- Publishing information about programmes in accessible formats, including ethnic minority languages.
- Including under-represented groups in decision-making.¹⁰⁶

**BOX 20. ASEAN: POLICY MEASURES FOR INCLUSIVE INNOVATION AND ENTREPRENEURSHIP**

ASEAN governments have made progress in making innovation and entrepreneurship more inclusive. More than half of the government stakeholders consulted for this project reported operating programmes specifically targeted at under-represented groups in their organisations. Initiatives range from awareness campaigns and regulation reforms to financial assistance and innovation programmes. Some examples of these initiatives include:

Awareness activities: Cambodia – Leading the Way for Gender Equality (LWGE) programme

Description: The LWGE programme includes policy development and monitoring for gender equality and gender mainstreaming across sectors; the engagement of young people, media and educational institutions for gender equality; the promotion of women in public decision-making and feminist leaderships; the inclusion of disadvantaged groups of women and girls; and support to partnerships, research and learning on gender equality and women's empowerment.

Actors involved: the Ministry of Women's Affairs; the Ministry of Education, Youth and Sports; the Ministry of Information; the Ministry of Culture and Fine Arts; women's civil society organisations; universities and youth networks; UNDP Cambodia; and the Swedish International Development Cooperation.

Budget: US\$2.2 million (2017–2021).

Outcomes: The achievements of LWGE, as of February 2019, include reaching more than 2 million young Cambodians through media campaigns and public events.

Regulations: the Philippines – Republic Act 7882 and Emerging FILIPINA Lending Program

Description: The Republic Act 7882, enacted in 1995, provides a framework to support women entrepreneurs. Among other provisions, it stipulates that public financial institutions should earmark 5% of their loan portfolios for assisting women with micro-enterprises, and that the Technical Education and Skills Development Authority must provide them with free training. An example of these loans is the Emerging FILIPINA Lending Program.

Target population: women entrepreneurs.

Actors involved: the Senate and House of Representatives, the President's Office, the Department of Trade and Industry and the Technical Education and Skills Development Authority.

Targeted support: Malaysia – Micro Connector Programme

Description: The Micro Connector Programme aims to provide simplified early-stage assistance for micro-enterprises and business owned by under-represented groups. It involves the provision of technical assistance and training on topics such as e-commerce and other ICT applications, marketing, maintenance and repair, and childcare (e.g. post-delivery care centre and kindergarten).

Target population: micro-enterprises and businesses owned by young people, women and the bottom 40% income group, among others.

Actors involved: SME Corporation Malaysia and private business advisory and training consultants (as delivery partners).

Targeted support: Thailand – Fund for the Promotion and Development of the Quality of Life of People with Disabilities

Description: The support provided through the fund includes loans for education and business expansion. Loans are for up to ฿60,000 (~US\$1,800), payable within a period of no longer than five years and with an interest rate of 0%.

Target population: people with disabilities and care-givers.

Actors involved: Department of Empowerment of Persons with Disabilities.

Source: Congress of the Philippines (1994). [Republic Act 7882](#); Department of Empowerment of Persons with Disabilities (2022). [Fund for the Promotion and Development of the Quality of Life of Persons with Disabilities](#); Land Bank of the Philippines (2022). [Emerging FILIPINA Lending Program](#); SME Corporation Malaysia (2021). [Micro Connector Programme](#); UNDP Cambodia (2019). [Partnership for Gender Equity Phase IV](#).

4.4.3 Long-term measures

Policy goal: improve the financial sustainability of MSMEs (very high priority)

Rationale. In the aftermath of crises and disasters, MSMEs are likely to face additional barriers to access finance. As a result of the uncertainty and negative economic impacts caused by crises and disasters, financial institutions may increase the requirements to access finance, while some MSMEs may already be facing over-indebtedness.

For example, the COVID-19 pandemic introduced uncertainty around the value of collaterals, reduced visibility into borrowers' repayment capacity and increased the probability of default.¹⁰⁷

In addition, the monitoring and evaluation of financial support delivered as part of the crisis or disaster response may identify barriers to reaching MSMEs or specific population groups.

Typical policy measures. Policies that governments and other development actors can take to improve the financial sustainability of MSMEs include:

- Developing high-level policies, regulations and strategies to facilitate access to finance to MSMEs. For example, the Government of Myanmar developed the Financial Inclusion Roadmap 2014–2020 and 2019–2023, of which a main aim is to increase access to finance among MSMEs. As an outcome of the 2019–2023 roadmap, the Central Bank of Myanmar issued a licence to the first credit bureau in the country, Myanmar Credit Bureau Ltd, which became operational in December 2020, with more than 220 members.¹⁰⁸
- Expanding the offer of finance for MSMEs and making it more accessible to the under-served population. This may include developing high-level strategies,

establishing new financial institutions, updating regulations, reviewing the eligibility criteria and support of programmes, creating new programmes or training staff.

- Establishing or expanding public or group guarantees' programmes. For example, amid the COVID-19 pandemic, the Royal Government of Cambodia established the Credit Guarantee Corporation of Cambodia (Box 21).
- Providing debt-restructuring support, such as Thailand's Asset Warehousing Scheme with Buy-Back Options (Box 21) and the Philippine's I-Rescue Lending Programme, which includes a loan restructuring component.¹⁰⁹
- Leveraging and regulating alternative sources of finance. Alternative sources of finance, such as crowdfunding and peer-to-peer financing, can ease the financial constraints faced by MSMEs. However, it is important that consumer protection entities supervise the quality of these products and provide relevant information to consumers so that they can use these products wisely.¹¹⁰

Actors involved. Typical actors involved include: ministries of economy and finance, central banks, development banks, commercial banks and international organisations such as ADB, the World Bank and UNCDF.

Lessons learned. Effective practices and opportunity areas identified from the policy review include:

- Expanding the offer of products of development banks.
- Regulating and leveraging alternative sources of finance.

**BOX 21. ASEAN: ENHANCING ACCESS TO FINANCE FOR MSMEs**

Financial relief instruments are a crucial part of recovery from disasters. However, not all ASEAN Member States have the same capacity and resources to support MSMEs. Lessons from crises and disasters can help to further develop the financial options available to MSMEs so that enterprises and governments are better prepared for future crises and disasters. Examples of policies aimed at enhancing access to finance for ASEAN MSMEs include:

The establishment of new financial institutions: Cambodia – Credit Guarantee Corporation of Cambodia plc

Description: The Credit Guarantee Corporation of Cambodia plc (CGCC) is a state-owned enterprise that was established in September 2020. Its mission is to provide credit guarantees, following international standards, to improve financial inclusion. Its products include the Business Recovery Guarantee Scheme (covers 70%–80% of the collateral) and the Co-Financing Guarantee Scheme (for loans disbursed through the SME Bank of Cambodia).

Actors involved: CGCC operates under the technical and financial guidance of the Ministry of Economy and Finance; and it received technical support from ADB, the World Bank and UNCDF.

Outcomes: CGCC launched its first guarantee scheme on 29 March 2021. As of December 2021, a total of 185 letters of guarantee had been granted, adding up to US\$21.3 million.

Enhancing access to finance: Lao PDR – Micro, Small, and Medium Enterprise Access to Finance Emergency Support and Recovery Project

Description: This programme was initiated in November 2020 and aims to provide loans to MSMEs, examine the possibility of a credit guarantee system and provide technical assistance, particularly for e-commerce.

Budget: World Bank credit for US\$40 million.

Actors involved: the Ministry of Industry and Commerce; commercial banks; and the World Bank.

Challenges: Loan provision has been lower than expected because MSMEs are avoiding increasing their indebtedness.

Alternative finance: Malaysia – equity crowdfunding and peer-to-peer financing

Description: Malaysia was the first ASEAN country to create a framework aimed at facilitating crowdfunding, with the objective of allowing SMEs to raise early-stage financing. Equity crowdfunding is a form of alternative fundraising that allows small businesses to raise capital from the public using online platforms registered by the Securities Commission Malaysia. The regulatory framework for equity crowdfunding was introduced in February 2015. Peer-to-peer financing is another form of alternative financing that allows businesses to borrow and investors to lend capital through online platforms registered with the Securities Commission Malaysia. The regulatory framework for peer-to-peer lending was established in May 2016.

Actors involved: SME Corporation Malaysia, alternative finance operators.

Outcomes: As of December 2020, 10 equity crowdfunding operators had registered with the Securities Commission Malaysia. Since then, a total of RM199.2 million (~US\$47.6 million) in capital has been raised through 159 campaigns by 150 issuers. In addition, 11 peer-to-peer platforms had also registered. There were 15,862 completed campaigns by 2,801 issuers, raising a total of RM1.1 billion (~US\$262.7 million).

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International collaboration: Myanmar – JICA SME two-step loan

Description: loans of up to K500 million (~US\$381,000) at an annual interest rate of 5.5% for investment in buildings, factories, warehouses, machinery and other capital; 80% of the loan must be used for investment in fixed/capital assets and the remaining 20% for working capital. The repayment term is for up to five years. During the COVID-19 pandemic the ceiling on working capital investment was temporarily lifted.

Budget: ¥30 billion (~US\$280 million) for the three phases of the programme, which began its last phase in 2020.

Actors involved: operated through the Myanmar Citizens Banks and funded through a loan from the Japan International Cooperation Agency (JICA).

Debt restructuring: Thailand – Asset Warehousing Scheme with Buy-Back Options

Description: The Asset Warehousing Scheme was launched in March 2021. It allows businesses to transfer property as collateral under a buy-back agreement. Businesses whose assets have been transferred may lease their assets from financial institutions to continue business operations; and the rents received by financial institutions will be deducted from the amounts to be repurchased by the businesses at a later date. The Bank of Thailand supports the programme by providing low-cost funding to financial institutions equivalent to the asset-transferred price. Simultaneously, relevant public agencies provide exemptions or reductions on taxes or relevant fees, such as those levied on asset transfers during initial transfers and repurchases by original owners.

Target group: borrowers with collateral prior to 28 February 2021 whose loan statuses were not non-performing as of 31 December 2019.

Budget: ฿100 billion (~US\$3 billion).

Actors involved: the Bank of Thailand, commercial banks, public agencies involved in tax exemptions and reductions.

Source: ASEAN Briefing (2020). [Japan's JICA Provides Loans to Support SMEs and Infrastructure in Myanmar](#); Bank of Thailand (2021). [Financial Rehabilitation measures to support business recovery post-COVID-19](#); CGCC Website; JICA (2020). [Press Release](#); Myanmar Citizens Bank (2022). [JICA SME Two Step Loan](#); SME Corporation Malaysia (2022). [Alternative Financing for SMEs](#); World Bank (2021). [Lao PDR: Emergency Financing for Small Businesses Expected to Protect Livelihoods, Boost Recovery](#).

Policy goal: strengthen MSMEs' innovation capabilities (high priority)

Rationale. MSMEs are less likely to innovate and to invest in new technologies than larger firms. Barriers that hinder the participation of MSMEs in innovation include: a lack of information about technologies and their benefits, limited access to technologies and business advisory services, and financial constraints and skills' gaps.¹¹¹ Strengthening innovation capabilities is particularly relevant for growing and mature small- and medium-sized enterprises, although all firm sizes may benefit from this.

Typical policy measures. Policies that can contribute to strengthening MSMEs' innovation capabilities include:

- *High-level strategies.* National plans and strategies provide a vision and a blueprint to promote SME innovation and coordinate different initiatives. For example, in 2021 the Royal Government of Cambodia published the country's Science, Technology and Innovation Roadmap 2030. This roadmap aims to support SMEs' innovation and enhance their absorptive capacities and includes specific initiatives, such as rolling out incubation and acceleration facilities.¹¹²
- *Public procurement and innovation awards.* Demand-side innovation initiatives, such as public procurement and innovation awards, are still emerging in the region. This type of initiative is particularly useful when addressing societal challenges.¹¹³
- *Direct financial support.* This usually takes the form of grants or innovation vouchers and tends to be targeted at smaller firms, such as MSMEs, and low-technology sectors.¹¹⁴ Funding is usually allocated on a competitive basis and, in some cases, on the basis of private co-funding.¹¹⁵ Examples of these programmes include the Philippines Small Enterprises Technology Upgrading Program and

the Thailand Innovation and Technology Assistance Program.

- *Fiscal incentives.* Tax reductions and exemptions to invest in research and development or acquire technology.
- *Business advisory services.* Advice ranges from intellectual property and commercialisation to standards' compliance and market intelligence.¹¹⁶ For example, the Intellectual Property Office of the Philippines provides assistance and training programmes (including e-learning resources) in topics related to intellectual property.¹¹⁷
- *Innovation networks.* Policy measures aimed at facilitating interactions and knowledge-sharing between different actors. This may take the form of channels of communication, organising meetings, providing matching services or clusters' policies. In Brunei, through the Micro Bootcamp and Accelerate Bootcamp, the Darussalam Enterprise provides advice on product development, marketing and finance, in addition to networking opportunities with potential investors and partners.¹¹⁸ Similarly, Indonesia's #1000 Startup Digital provides networking opportunities, in addition to mentorship support (Box 22).

Actors involved. Actors usually involved in the design and delivery of innovation policies include: innovation agencies; ministries of industry; departments and councils of science, technology and innovation; MSME development centres; universities; research and technology institutes; and business development services' firms.

Lessons learned. Effective practices identified from evaluations of innovation policies in the region and beyond include:

- *Public procurement and innovation awards.* Adopting a design that accounts for the different phases involved in innovation and technology development (e.g. proof

of concept, test and demonstration, commercialisation, etc.); and ensuring financial sustainability to support further development of successful innovations.

- *Direct financial support.* Monitoring the characteristics of participating firms to identify potential exclusion; and linking funding support to advisory services.
- *Fiscal incentives.* Clear and simple procedures to access support.
- *Business advisory services.* Leveraging business development services' firms; involving staff with

industry and technology expertise; balancing the mix of public and fee income, reducing pressure on public funds but maintaining the affordability of services; and establishing one-stop centres.

- *Innovation networks.* Leveraging interactions and networks that already exist; promoting multidisciplinary teams or working groups; involving collaboration between different types of actor; ensuring mid- to long-term funding; and coordination with other policy instruments.¹¹⁹



BOX 22. ASEAN: DEVELOPING MSMEs' INNOVATION CAPACITY

Lessons from previous crises have shown that innovative firms tend to be more resilient and, conversely, that longer-term impacts are more likely to occur when the innovation capacities of enterprises are affected. Innovation support available for ASEAN MSMEs ranges from networking to technical assistance and funding. Examples of these programmes include:

Start-up support: Indonesia – #1000 Startup Digital

Description: #1000 Startup Digital was created in 2016 with the aim of creating digital start-ups. The programme involves six phases: (i) ignition (online seminar); (ii) networking (online networking activities); (iii) workshop; (iv) hackspint (networking, prototyping and pitching); (v) bootcamp (in-depth mentoring); and (vi) incubation (assessment, masterclass, business matching). The programme includes a mobile application that allows participants to monitor their activities.

Actors involved: the Ministry of Communication and Information Technology, industry practitioners (mentors).

Policy mix: the Philippines – Small Enterprises Technology Upgrading Program (SET-UP)

Description: SET-UP supports MSMEs in five areas: (i) technology adoption (assessment, sourcing, acquisition, training and technical advisory services); (ii) standards and testing; (iii) packaging and labelling; (iv) database management and information systems; and (v) supply chains. Grants are for up to ₱5 million (~US\$100,000).

Target group: Priority sectors include food processing; marine and aquaculture; horticulture; metals and engineering; gifts, decor and handicrafts; furniture; ICT and electronics; and halal.

Eligibility criteria: MSMEs that are formally registered, based in the country, wholly owned by Filipino citizens and operating in priority sectors.

Budget: ₱860 million in 2020 (~US\$170 million).

Actors involved: the Department of Science and Technology (DOST).

Technical support: Thailand – Innovation and Technology Assistance Program (ITAP)

Description: ITAP is an innovation programme that was established in 2000 to provide technical support by a pool of more than 1,300 technical experts from universities and science and technology agencies. They help SMEs to identify technical solutions and provide them with support during the implementation phase. The support ranges from product design, and compliance with industry standards, to process improvement and digital transformation. ITAP reimburses up to 50% of the project cost, to a maximum of ฿400,000 (~\$US12,000). During the pandemic ITAP launched the Fast Track for Medical Devices to Fight COVID-19 Program, aimed at accelerating the product development process.

Eligibility criteria: SMEs formally registered with no less than 51% of Thai ownership.

Actors involved: the Thailand National Science and Technology Development Agency (NSTDA), research and technology organisations.

Outcomes: More than 10,000 SMEs, mainly from the food and agriculture sector, have been assisted by ITAP since its inception.

Source: DOST (2022). [Small Enterprises Technology Upgrading Program \(SET-UP\)](#); NSTDA (2019). [Innovation and Technology Assistance Program \(ITAP\)](#); Indonesia Ministry of Communication and Information Technology (2021). [1000 Startup Digital](#); NSTDA (2021). [3 Decades of Impacts](#); NSTDA (2022). [ITAP Website](#); Philippine News Agency (2020). [DOST to implement SETUP 4.0 before yearend](#).

5. Next steps

Five key steps are recommended for implementation of the guidelines by ASEAN Member States and ASEAN sectoral entities and bodies:

- i. **Assess public capacity and governance structures.** ASEAN Member States are invited to use the guidelines as a benchmark to identify gaps in policies, public capacity and the governance structures to support the resilience of MSMEs.
- ii. **Examine the effectiveness of policies.** Crises and disasters, such as the COVID-19 pandemic, provide an opportunity to evaluate how effective communication channels and policies have been in reaching and supporting MSMEs and informal businesses. Particular emphasis should be placed on under-represented population groups, such as women, young people, the elderly, and people with disabilities.
- iii. **Develop a roadmap to enhance the resilience of MSMEs.** Determine specific aims and policies to be conducted in the short, medium and long term. Identify actors that should be involved in the design and implementation of these policies (e.g. central government agencies, local governments, private-sector “champions” and social organisations) and potential sources of funding.
- iv. **Establish national and sub-national coordination mechanisms.** The lack of coordination between disaster risk-management agencies and the ministries and other entities coordinating and involved in MSME development is a key governance gap identified from the analysis conducted in this report. Although exceptions were identified, there are significant opportunities to leverage the knowledge and experience of disaster risk-management agencies to develop prevention and preparedness capacities among MSMEs and MSME enablers. Opportunities were also found to broaden the involvement of local governments and the private sector in the design and implementation of disaster risk-reduction and management policies.
- v. **Leverage regional collaboration to narrow public capacity gaps across Member States.** Although all AMS have made significant progress in their capacity to support MSMEs and manage disaster risks, notable differences are observed across countries. A step in this direction could involve closer cross-sectoral cooperation in organising discussions, policy dialogues and workshops to facilitate effective practice-sharing and jointly develop initiatives at regional level.

Appendix A. Summary table of survey responses

Country	Government actors		Industry associations	Total
	Disaster risk-reduction and management organisations	Other government actors (ministries of industry, trade, labour, rural development, SME development agencies, central banks, etc.)		
Brunei Darussalam	2	6	4	12
Cambodia		1	2	3
Indonesia		6	3	9
Lao PDR		1	2	3
Malaysia	1	31	5	37
Myanmar		2	1	3
Philippines	1	17	3	21
Singapore	1	1	1	3
Thailand		9	4	13
Vietnam	1	1	1	3
Total	6	75	26	107

Appendix B. Glossary

Business continuity management (BCM). “Holistic management process that identifies potential threats to an organization and the impacts to business operations [that] those threats, if realized, might cause, and which provides a framework for building organizational resilience with the capability of an effective response that safeguards the interests of its key stakeholders, reputation, brand and value-creating activities.” (ISO 22301:2012)

Business continuity plan (BCP). “Documented procedures that guide organizations to respond, recover, resume, and restore to a pre-defined level of operation following disruption.” (ISO 22301:2012)

Capacity. “The combination of all the strengths, attributes and resources available within an organization, community or society to manage and reduce disaster risks and strengthen resilience. Capacity may include infrastructure, institutions, human knowledge and skills, and collective attributes such as social relationships, leadership and management.” (UNDRR, Terminology)

Community-based disaster risk management (CBDRM). “Strategy that builds upon [the] existing capacities and coping mechanisms of communities to collectively design and implement appropriate and doable long-term risk reduction and disaster preparedness plans.” (ADPC, 2008, p. 5)

Contingency planning. “A management process that analyses disaster risks and establishes arrangements in advance to enable timely, effective and appropriate responses.” (UNDRR, Terminology)

Coping capacity. “Ability of people, organisations, and systems to use [the] available skills and resources to manage adverse conditions, emergencies, or disasters.” (AHA Centre, 2020, p. 44)

Disaster. “A serious disruption of the functioning of a community or a society involving widespread human, material, economic or environmental losses and impacts, which exceeds the ability of the affected community or society to cope using its own resources.” (UNDRR, Terminology)

Disaster risk management. “The systematic process of using administrative directives, organizations, and operational skills and capacities to implement strategies, policies and improved coping capacities in order to lessen the adverse impacts of hazards and the possibility of disaster.” (UNDRR, Terminology)

Disaster risk reduction (DRR). The concept and practice of reducing disaster risks through systematic efforts to analyse and manage the causal factors of disasters, including through reduced exposure to hazards, lessened vulnerability of people and property, wise management of land and the environment, and improved preparedness for adverse events. (UNDRR, Terminology)

Early-warning system. “An integrated system of hazard monitoring, forecasting and prediction, disaster risk assessment, communication and preparedness activities systems and processes

that enable individuals, communities, governments, businesses and others to take timely action to reduce disaster risks in advance of hazardous events.” (UNDRR, Terminology)

Hazard. “A process, phenomenon or human activity that may cause loss of life, injury or other health impacts, property damage, social and economic disruption or environmental degradation.” (UNDRR, Terminology)

Mitigation. “The lessening or minimizing of the adverse impacts of a hazardous event.” (UNDRR, Terminology)

MSME ecosystem. Network of actors and institutions whose activities and interactions support the creation and development of micro, small and medium enterprises (based on Freeman, 1987; Motoyama and Knowlton, 2016).

MSME resilience. The ability of a firm to “resist, absorb, accommodate, adapt to, transform and recover from the effects of a hazard in a timely and efficient manner, including through the preservation and restoration of its essential basic structures and functions through risk management.” (UNDRR, 2020, p. 14)

Preparedness. “The knowledge and capacities to effectively anticipate, respond to, and recover from, the impacts of likely, imminent or current disasters.” (UNDRR, 2020, p. 15)

Prevention. “Activities and measures to avoid existing and new disaster risks. While certain disaster risks cannot be eliminated, prevention aims at reducing vulnerability and exposure in such contexts where, as a result, the risk of disaster is removed.” (UNDRR, 2020, p. 14)

Readiness. “The ability to adapt, transform and recover.” (UNIDO, 2021, p. 69)

Recovery. “The restoring or improving of livelihoods and health, as well as economic, physical, social, cultural and environmental assets, systems and activities, of a disaster-affected community or society, aligning with the principles of sustainable development and ‘build back better,’ to avoid or reduce future disaster risk.” (UNDRR, 2020, p. 15)

Response. “Actions taken directly before, during or immediately after a disaster in order to save lives, reduce health impacts, ensure public safety and meet the basic subsistence needs of the people affected.” (UNDRR, 2020, p. 15)

Robustness. “The ability of a firm to resist, absorb and accommodate a shock.” (UNIDO, 2021, p. 69)

Vulnerability. “The conditions determined by physical, social, economic and environmental factors or processes which increase the susceptibility of an individual, a community, assets or systems to the impacts of hazards.” (UNDRR, Terminology)

Appendix C. Useful tools and resources

TABLE 5 USEFUL TOOLS AND RESOURCES FOR GOVERNMENTS AND OTHER DEVELOPMENT ACTORS


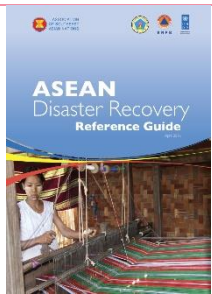
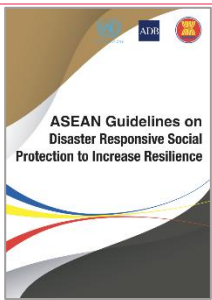
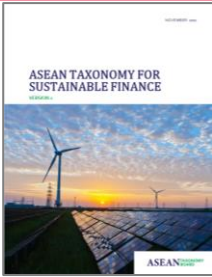
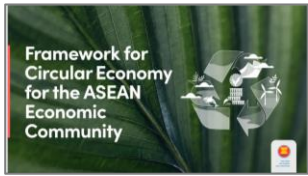
	<p><u>Asian Development Bank: COVID-19 and Public-Private Partnerships in Asia and the Pacific</u></p> <p>This guidance note is intended to support stakeholders involved in public-private partnership (PPP) projects that have been, or will be, impacted by the COVID-19 pandemic.</p>
	<p><u>Association of Southeast Asian Nations: ASEAN Disaster Recovery Reference Guide</u></p> <p>This guide provides a framework for Member States to strengthen their recovery planning and management capacities before a disaster occurs. The guide: (i) explains the key elements of disaster recovery arrangements; (ii) identifies the types of intervention needed for participatory and sustainable recovery; (iii) proposes key principles and approaches for effective disaster recovery, including reducing future risks; and (iv) showcases examples of recovery practices from the ASEAN region that could be replicated and scaled up.</p>
	<p><u>Association of Southeast Asian Nations, Asian Development Bank and United Nations: ASEAN Guidelines on Disaster Responsive Social Protection to Increase Resilience</u></p> <p>These guidelines provide frameworks, guiding principles and key considerations that are critical for social protection programmes to deliver on resilience outcomes. It also identifies practical steps for policy-makers and practitioners from the sectors concerned – social welfare and development, disaster risk management, public health, and others – to work together in building the necessary blocks for leveraging adaptive social protection systems based on the case studies gathered from the ASEAN Member States.</p>
	<p><u>Association of Southeast Asian Nations: ASEAN Taxonomy for Sustainable Finance</u></p> <p>The ASEAN Taxonomy acts as a map to help guide capital towards activities that can promote the transition of activities in the real economy onto a more sustainable footing.</p>
	<p><u>Association of Southeast Asian Nations: Framework for Circular Economy for the ASEAN Economic Community</u></p> <p>The Framework for Circular Economy for the ASEAN Economic Community provides a structured pathway for stakeholders to progressively adopt the circular economy model. It sets out a long-term vision, building on the strengths of existing ASEAN initiatives, and identifies priority focus areas for action, along with enablers, to accelerate the realisation of the circular economy in ASEAN.</p>

TABLE 5 USEFUL TOOLS AND RESOURCES FOR GOVERNMENTS AND OTHER DEVELOPMENT ACTORS


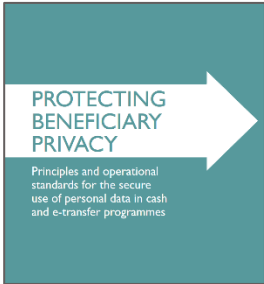
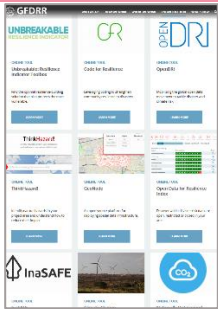
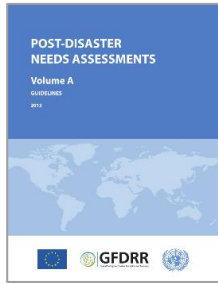
	<p><u>Cash learning Partnership Network: Programme Quality Toolbox</u></p> <p>The Programme Quality Toolbox supports the development, maintenance and review of quality cash and voucher assistance (CVA). It consists of a set of common standards and actions for quality cash and voucher assistance, organised according to the stages of the CVA programme cycle. Each action is supported by a set of guidelines and ready-to-use tools and templates to explain how to achieve quality CVA.</p>
	<p><u>Cash learning Partnership Network: Protecting Beneficiary Privacy. Principles and operational standards for the secure use of personal data in cash and e-transfer programmes</u></p> <p>Principles to enable agencies to meet and respect international standards and to address the risks inherent in the use of beneficiary data by agencies engaged in the delivery of cash, with a specific focus on e-transfer programmes.</p>
<p>ASEAN PUBLIC-PRIVATE PARTNERSHIP GUIDELINES</p>	<p><u>Economic Research Institute for ASEAN and East Asia: ASEAN Public-Private Partnership Guidelines</u></p> <p>The ASEAN Public-Private Partnership (PPP) Guidelines provide a common framework based on best-practice standards that will help government departments to manage the processes and procedures that need to be followed when implementing PPP projects.</p>
	<p><u>Global Facility for Disaster Reduction and Recovery: Online Tools</u></p> <p>Online tools that allow decision-makers and communities to collect, share and understand data and information for resilience and disaster risk management.</p>
	<p><u>Global Facility for Disaster Reduction and Recovery: Post-Disaster Needs Assessments - Guidelines</u></p> <p>These guidelines build on existing methods for assessing the impact of disasters and provide a practical, action-oriented, easy-to-use guide in the following critical areas to: (i) present common minimum standards regarding quality, reliability and inclusiveness; (ii) facilitate quick decision-making and action by stakeholders; (iii) provide a predictable and coherent approach to assessment and planning; (iv) contribute towards producing an objective and comprehensive estimate of recovery needs; (v) contribute towards an efficient professional response by the international community; (vi) contribute to a more cost-effective approach by working towards coordination, reducing overlaps; (vii) improve the credibility of assessments and recovery strategies; and (viii) improve financing opportunities for recovery and reconstruction.</p>

TABLE 5 USEFUL TOOLS AND RESOURCES FOR GOVERNMENTS AND OTHER DEVELOPMENT ACTORS



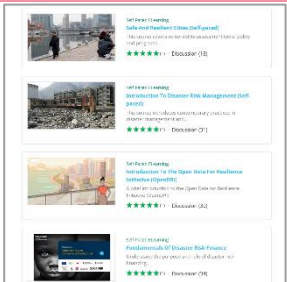

	<p><u>International Labour Organization: Support Kit for Developing Occupational Safety and Health Legislation</u></p> <p>The support kit aims to provide guidance in the establishment or reform of OSH laws by systematically articulating and analysing the key principles and components of a sound, prevention-centred framework OSH law that follows a state-of-the-art regulatory approach.</p>
	<p><u>Organisation for Economic Cooperation and Development and Association of Southeast Asian Nations: Facilitating the green transition for ASEAN SMEs. A toolkit for policymakers</u></p> <p>A toolkit that provides governments with policy guidance across three areas – regulatory tools, financial tools and information tools – to help SMEs in ASEAN Member States to enhance their environmental performance and economic competitiveness. In each of these three areas, approaches are highlighted that focus on supporting cost-effective measures that enhance competitiveness.</p>
	<p><u>World Bank and Global Facility for Disaster Reduction and Recovery</u></p> <p>Online self-paced courses designed to enhance disaster risk-management knowledge of practitioners on topics such as: safe and resilient cities, introduction to disaster risk management, the fundamentals of disaster risk finance, post-disaster needs assessment, and gender and disaster risk management.</p>
	<p><u>World Health Organization and International Labour Organization - Healthy and Safe Telework Technical Brief</u></p> <p>This report outlines the roles that governments, employers, workers and workplace health services should play in promoting and protecting health and safety while teleworking.</p>

TABLE 6 USEFUL TOOLS AND RESOURCES FOR MSMEs


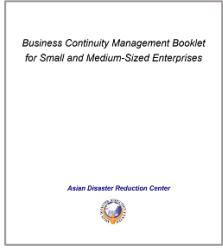
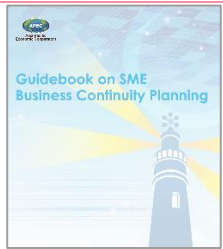
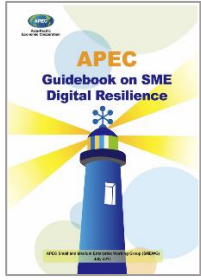
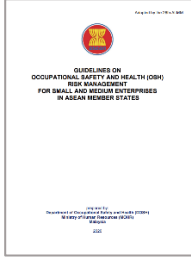

	<p><u>Adelphi: COVID-19 Resilience Toolkit for Start-ups (&MSMEs)</u></p> <p>The COVID-19 Resilience Toolkit contains eight resources to help firms develop resilience measures: (i) ABCD Organisational Capabilities Assessment, (ii) Financial Readiness Assessment, (iii) Persona-Based Service Delivery, (iv) MVP Blueprint, (v) Go-to-Market, (vi) Diversifying Markets, (vii) Benefits Management and (viii) ROPE Analysis.</p>
	<p><u>Asian Disaster Reduction Center: Business Continuity Management Booklet for Small and Medium-Sized Enterprises</u></p> <p>This booklet presents ten easy steps that SME readers can follow to develop their own BCM. In each step, templates have been prepared to assist readers. Upon completion of all the templates, SMEs end up with a business continuity plan.</p>
	<p><u>Asia-Pacific Economic Cooperation: Guidebook on SME Business Continuity Planning</u></p> <p>This guidebook is intended to help SMEs adopt business continuity planning (BCP). It includes ten easy steps to develop their own BCP. In each step, templates have been prepared to assist readers. Upon completion of all the templates, SMEs end up with a business continuity plan.</p>
	<p><u>Asia-Pacific Economic Cooperation: Guidebook on SME Digital Resilience</u></p> <p>This guidebook is intended to help SMEs understand how to prevent and react to cyber-threats. It presents 11 steps on information security-management systems, following international standards (ISO/IEC 27000:2013 and ISO/IEC 27005:2011).</p>
	<p><u>Association of Southeast Asian Nations: Guidelines on Occupational Safety and Health (OSH) Risk Management for Small and Medium Enterprises in ASEAN Member States</u></p> <p>These guidelines provide a systematic approach to identifying hazards, assessing, controlling and monitoring risks, and reviewing the risk-management process and performance to ensure continuous improvement. The guidelines cover risk assessment, job hazard analysis, safe work procedures, and implementation and training, among other topics.</p>
	<p><u>Brunei Darussalam Enterprise: Enterprises Guide on Business Continuity Planning in Brunei Darussalam for COVID-19</u></p> <p>The objective of this guide is to help enterprises in Brunei Darussalam in their business continuity planning in response to COVID-19. It covers the following key business operational risks: (i) human resource management, (ii) processes and business functions, (iii) supplier and customer management and (iv) communications, both internal and external.</p>

TABLE 6 USEFUL TOOLS AND RESOURCES FOR MSMEs

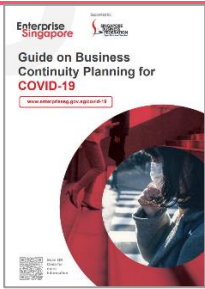

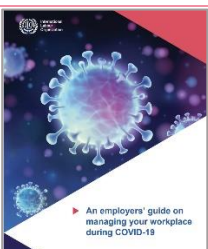


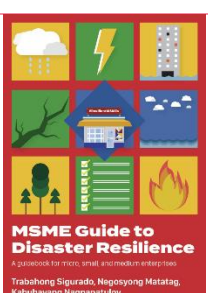
	<p><u>Enterprise Singapore: Guide on Business Continuity Planning for COVID-19</u></p> <p>This guide helps enterprises in their business continuity planning in response to the COVID-19 outbreak. It covers the following key business operational risks: (i) human resource management, (ii) processes and business functions, (iii) supplier and customer management and (iv) communications, both internal and external.</p>
	<p><u>Insurance Institute for Business & Home Safety: The OFB-EZ (Open for Business-EZ) toolkit</u></p> <p>The OFB-EZ toolkit helps small businesses to take the steps they need to keep functioning in the event of a major disaster or even a small disruption. The goal is to continue to perform the most critical operations, which will help to reduce short- and long-term losses to your bottom line.</p>
	<p><u>International Labour Organization: An employer's guide on managing your workplace during COVID-19</u></p> <p>This guide was developed by the ILO Bureau for Employers' Activities as a general reference for employers and business membership organisations (EBMOs). It provides guidance for addressing occupational safety and health (issues).</p>
	<p><u>Malaysia Ministry of International Trade and Industry: Industry4WRD Readiness criteria model</u></p> <p>The readiness criteria model is an Industry 4.0 self-assessment tool. It consists of three interconnected layers of rings with three shift factors (the core ring). Each shift factor is then divided into thrusts (the middle ring), and each thrust is subsequently divided into dimensions (the third and outermost ring).</p>
	<p><u>Pacific Islands Private Sector Organisation: Business Continuity Plan (BCP) Template</u></p> <p>An easy-to-use business continuity plan template that can be completed in 12 minutes.</p>
	<p><u>Philippine's National MSME Resilience Core Group: MSME Guide to Disaster Resilience</u></p> <p>This guide was designed to serve as reference material for MSMEs in understanding business continuity practices and the basic concepts of disaster risk reduction and management. It includes templates to conduct risk assessments and business continuity plans, in addition to information on the relevant financial institutions.</p>

TABLE 6 USEFUL TOOLS AND RESOURCES FOR MSMEs

	<p><u>Singapore Economic Development Board: Smart Industry Readiness Index</u></p> <p>A self-diagnostic Industry 4.0 tool aimed at helping companies worldwide – regardless of size, industry and digital maturity – to determine how to start, scale and sustain their Industry 4.0 transformation.</p>
	<p><u>Singapore Infocomm Media Development Authority: Industry Digital Plans (step-by-step guide)</u></p> <p>The Industry Digital Plans provide SMEs of various sectors with an easy-to-use, step-by-step guide on the digital solutions to adopt at each stage of growth and the training programmes needed to enhance employees' digital skills.</p>
	<p><u>US Federal Emergency Management Agency (FEMA): Ready Business Toolkits</u></p> <p>The Ready Business Toolkit series includes hazard-specific versions for earthquakes, hurricanes, inland flooding, power outage and severe wind/tornado. Toolkits offer business leaders a step-by-step guide to building preparedness within an organisation. Each toolkit contains the following sections: (i) identify your risk; (ii) develop a plan; (iii) take action; and (iv) be recognised and inspire others.</p>
	<p><u>UK National Cyber Security Centre: Cyber Action Plan</u></p> <p>A cyber-security self-assessment tool to help sole traders and micro-businesses identify and address online threats.</p>
	<p><u>United Nations Industrial Development Organization: Guidance for Micro, Small, and Medium Enterprises Business Recovery</u></p> <p>The guidance follows typical steps for business assessments used in the aftermath of disasters: (i) immediate action, (ii) preparing for recovery, (iii) taking stock, (iv) owner's assessment, (v) recovery plan, (vi) funding and finance and (vii) reopen. It provides advice on the key aspects to consider in recovery planning.</p>
	<p><u>United Nations Office for Disaster Risk Reduction: COVID-19 small business continuity and recovery planning toolkit</u></p> <p>This planning toolkit includes templates and advice on how to make business resilient. It covers areas such as: identification of core products and services, communication with employees and customers, employee health and supply chain risk management.</p>

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