



Handbook for MSME Access to Alternative Sources of Finance in ASEAN



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Handbook for MSME Access to Alternative Sources of Finance in ASEAN

The ASEAN Secretariat
Jakarta

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FOREWORD

The year of 2017 has indeed been an exhilarating and fulfilling year for both the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) and the ASEAN Business Advisory Council (ASEAN-BAC). Issues surrounding micro, small and medium enterprises or MSMEs have been placed high up in ASEAN's economic integration agenda in 2017. Numerous initiatives and activities have been launched and delivered throughout the year, reflecting the strong and growing collaboration between the public and private sectors in ASEAN.

This year, the ACCMSME produced a number of major publications as part of its deliverables for 2017 under the ASEAN Strategic Action Plan for SME Development 2016-2025 (SAPSMED 2025). This includes the commemorative “Future of ASEAN - 50 Success Stories of Internationalization of ASEAN MSMEs” publication that showcased inspiring stories of MSMEs that have grown and internationalized their businesses, taking advantage of opportunities presented by the ASEAN Economic Community (AEC) and the global markets. Other key publications issued and launched this year included “Facilitating Equity Crowd Funding in the ASEAN Region” and “Strengthening Women’s Entrepreneurship in ASEAN”. The ACCMSME also strongly supported the Inclusive Business and Women Economic Empowerment agenda initiated in ASEAN this year.

The ASEAN-BAC, under the leadership of the Philippine 2017 Chairmanship, adopted the theme “Partnering for Change - Prosperity for All” and delivered this through the Power of 3Ms of entrepreneurship strategy – Money, Markets and Mentorship. The ASEAN Mentorship for Entrepreneurs Network (AMEN) was launched at the 2017 ASEAN Business and Investment Summit aimed to pool experts and mentors who will assist in the development of MSMEs in the region. In pursuing the “Markets” strategy, the principle of inclusive business was adopted as a guiding philosophy and business model to encourage large enterprises to undertake game-changing measures to effectively link the MSMEs to their supply chain as supplier, distributor or manufacturer, so that they can immediately share in the success of their enterprises. Furthermore, in the effort to promote and deepen the awareness on Inclusive Business, ASEAN-BAC added a new Inclusive Business awards category to its annual ASEAN Business Awards program.

A common and often cited challenge faced by MSMEs everywhere is the issue of access to finance – Money. We acknowledge that ASEAN MSMEs have long been under-served financially with very limited access to the traditional funding

from formal banking institutions. Whilst access to traditional funding remains prohibitive to MSMEs, access to alternative sources of finance for MSMEs needs to be enhanced as well. Despite various efforts to help MSMEs have adequate access to angel investors, venture capital, social impact investment and equity crowdfunding, MSMEs are still not able to optimally utilize these alternative sources given the very limited and generic information provided to them.

Recognising this critical need to help raise awareness and financial literacy of MSMEs including their ability to provide and articulate fundable proposals, the ACCMSME and ASEAN-BAC have collaborated with the help of the United States Agency for International Development (USAID) and the US-ASEAN Connectivity through Trade and Investment (US-ACTI) program, to produce this publication entitled “Handbook for MSME Access to Alternative Sources of Finance in ASEAN”. This Handbook is designed to provide practical information on the available alternative sources of loan and equity funding that are more suited to the financing needs and requirements of MSMEs in ASEAN, and serves as a comprehensive guidebook and checklist to improve financial awareness and basic financial literacy to MSMEs by providing clear guidance on how to develop a business plan and effectively pitch their proposals to potential lenders and investors.

We wish to thank the USAID and US-ACTI, and all our colleagues and collaborators for their valuable contribution by way of technical assistance as well as substantive inputs towards the completion of this Handbook. It is our sincere hope that this Handbook will prove very useful and beneficial to MSMEs across the region, and we look forward to more public private partnerships in our pursuit of advancing the development of ASEAN MSMEs.



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Materials for this handbook were compiled by Mr. Hazik Mohamed, Ph. D., Managing Director/Head of Business Intelligence & Strategic Advisory, Stellar Consulting Group Pte. Ltd, Singapore and submitted to the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises and the U.S. Agency for International Development ASEAN Connectivity through Trade and Investment project (US-ACTI).

The submitted materials were then shaped into the final form in this volume by the staff of US-ACTI, based on editorial and other comments and suggestions. Special thanks are due to Mr. Loren Hall, US-ACTI program intern, who contributed significantly to the finalization of this present handbook.

Every effort was made to ensure the accuracy of the information in the handbook. However, such information is intended to serve as general guidance only. Thus, US-ACTI and the ASEAN Secretariat as well as other stakeholders will not accept any responsibility for any loss or damage resulting from the use of information in this handbook.

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ACRONYMS

8th NSEDP	8 th Five-Year National Socio-Economic Development Plan 2016-2020
ACCMSME	ASEAN Coordinating Committee on Micro, Small and Medium Enterprises
ACN	ASEAN CSR (corporate social responsibility) Network
AEC	ASEAN Economic Community
ADB	Asian Development Bank
AMS	ASEAN Member State
ASEAN	Association of Southeast Asian Nations
ASEAN-BAC	ASEAN Business Advisory Council
AVPN	Asian Venture Philanthropy Network
B2B	Business-to-business
B2C	Business-to-consumer
BSP	Bangko Sentral ng Pilipinas
CAC	Cost to acquire a customer
Cleantech	Clean technology
DARe	Darussalam Enterprise
DTI	Department of Trade and Industry
EBITDA	Earnings before interest, tax, depreciation, and amortization
Fintech	Financial technology
GDP	Gross domestic product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
HIP	High Impact Program
HNWI	High-net-worth individual
ICT	Information and communications technology
IoT	Internet of Things
IPO	Initial public offering
IT	Information technology
LDC	Least Developed Country
LTV	Lifetime value of customer

MP3EI	Master Plan for Acceleration and Expansion of Indonesia Economic Development 2011–2025
MSME	Micro, Small and Medium Enterprise
MSMED Council	Micro, Small and Medium Enterprise Development Council
MVP	Minimum viable product
OECD	Organization for Economic Cooperation and Development
OSMEP	Office of SMEs Promotion
PE	Private equity
PNPM Mandiri	Program Nasional Pemberdayaan Masyarakat Mandiri
PUSPIPTEK	Pusat Penelitian Ilmu Pengetahuan dan Teknologi
SaaS	Software as a Service
SAP SMED	Strategic Action Plan for SME Development (ASEAN)
SME	Small and Medium Enterprise
SMESCO	Small and Medium Enterprise and Cooperatives
SME Corp.	SME Corporation
SMEWG	SME Agencies Working Group (ASEAN)
USAID	United States Agency for International Development
US-ACTI	USAID ASEAN Connectivity through Trade and Investment
VC	Venture capital
VCCI	Viet Nam Chamber of Commerce and Industry
VINASME	Viet Nam Association of Small and Medium Enterprises

1. INTRODUCTION

The private sector is the engine of social and economic growth in the Association of Southeast Asian Nations (ASEAN) and around the world. It employs people, creates goods and services, and innovates to help us all live better lives. Micro, Small and Medium Enterprises (MSMEs) are the backbone of the private sector in virtually all economies in the world. In ASEAN Member States (AMSs) they account for some 96 percent of all enterprises, and between 50 and 85 percent of domestic employment outside the agricultural sector. Moreover, MSMEs are often the vehicle by which women and young people enter the money economy.

This has historically been the case in this region, but recent trends in the global economy are further expanding the role that MSMEs are playing in promoting growth and development. The rapidly expanding digital economy in some ways makes market entry easier than in the past, creating new economic spaces and more entry points for a far broader range of entrepreneurs and enterprises than ever before in history. Micro and small enterprises feature prominently among the rise and spread of the so-called micro-multinationals across the globe.¹

For these reasons and more, ASEAN is committed to promoting the growth and competitiveness of MSMEs. ASEAN and its Member States are working hard to improve the business environment to make it easier for MSMEs to be established and to take part in the formal economy. Special registration provisions and tax structures often reduce but do not eliminate the regulatory burden MSMEs face. Special agencies that provide technical assistance and guidance to MSMEs are common in the region but MSMEs face another hurdle that governments have struggled to address: financing. Year after year, MSMEs complain about the lack of adequate financing to grow their businesses. Finance is the life blood of economies and enterprises, and it is perhaps the most chronic and severe constraint on enterprise start-up, development, and upgrading. This is especially true among MSMEs in developing countries. Research by McKinsey & Company and the International Finance Corporation of the World Bank group found that 70 percent of the MSMEs in developing countries do not use any external financing from formal financial institutions,

¹ eBay, 2015, *Commerce 3.0: Enabling ASEAN Small and Medium Enterprises (SMEs)*, available at https://www.ebaymainstreet.com/sites/default/files/asean_commerce_3_0_final_1.pdf. See also: eBay, 2016, *Small Online Business Growth Report: Towards an Inclusive Global Economy*, available at https://www.ebaymainstreet.com/sites/default/files/ebay_global-report_2016-4_0.pdf.

and another 15 percent are grossly underfinanced and underserved by formal institutional sources.²

Ensuring improved and adequate access to finance for MSMEs has long been a concern in ASEAN. The *ASEAN Strategic Action Plan for SME Development 2016-2025* (SAP SMED 2016-2025)³ aims to foster a conducive policy environment for alternative financing, thus increasing MSME access to more diversified sources of such financing (Strategic Goal B-1). The plan also promotes financial inclusion and financial literacy to improve MSMEs' engagement in the financial system (Strategic Goal B-2). Indeed, financial inclusion is also one of the three strategic, finance-related objectives in the *ASEAN Economic Community Blueprint 2025*, which serves as the backbone for ASEAN's economic policies.⁴ Such inclusion is to be achieved through expanding the number and scope of financial intermediary facilities to benefit a wider circle of underserved communities, including MSMEs.

Currently, there is very limited information easily accessible and tailor-made to MSMEs in their search for, and access to, investment finance in ASEAN. Most of the available information focuses largely on the traditional sources of finance like banks and microfinance institutions. There is thus a clear need for more information on other sources of private loan and equity funding which are potentially suitable to the financing needs of MSMEs in the region. Information on these alternative sources of finance should also be custom-packaged with business advice and mentor opportunities that help MSMEs to make the most out of the finance that is made available.

This handbook aims to fill in some of the gaps in the existing literature within ASEAN on how MSMEs can find and access these alternative sources of finance. It focuses particularly on business angel funding, venture capital investment, social impact investment, and equity crowdfunding. In addition, the handbook provides pointers to how MSMEs should prepare to pitch their businesses to these financiers.

² World Bank, 2013, *Small and Medium Enterprise Finance: New Findings, Trends and G-20/Global Partnership for Financial Inclusion Progress*, Washington, DC: International Financial Corporation, available at <http://documents.worldbank.org/curated/en/519411468126897698/Small-and-medium-enterprise-finance-new-findings-trends-and-G-20-Global-partnership-for-financial-inclusion-progress>.

³ ASEAN, 2015b, *ASEAN Strategic Action Plan for SME Development*, Jakarta: ASEAN, November, available at http://www.asean.org/wp-content/uploads/images/2015/November/ASEAN-SAP-SMED-2016-2025/SAP_SMED_Final.pdf.

⁴ ASEAN, 2015a, *ASEAN Economic Community Blueprint 2025*, Jakarta: ASEAN, available at <http://www.asean.org/storage/images/2015/November/aec-page/AEC-Blueprint-2025-FINAL.pdf>.

1.1. FINANCIAL AND NONFINANCIAL NEEDS OF ASEAN MSMEs

ASEAN is a highly diverse region. Singapore and Brunei Darussalam have gross domestic product (GDP) per capita levels that rival nearly any country in the world, while Cambodia, Lao PDR, and Myanmar are classified by the World Bank as being Lower Middle Income. Moreover, the nature of AMS economies varies significantly. Singapore's economy is largely driven by services, while the economies of countries like Indonesia and Brunei Darussalam are strongly resource-based. Viet Nam has experienced rapid industrialization over the past 20 years, while countries like Cambodia and Lao PDR still depend significantly on agriculture.

While the economic level of a country helps to shape its MSMEs, small businesses in the region share a number of common challenges. Based on survey data collected from MSMEs throughout the region, the following table highlights those challenges across a range of metrics.

Table 1: Common Financial and Nonfinancial Needs of ASEAN MSMEs

		Indonesia	Malaysia	Philippines	Singapore	Thailand
Common Financial Needs	Cash Flow/ Working Capital Management	<ul style="list-style-type: none"> 31% of MSMEs stated that they faced challenges in maintaining adequate cash flow 	<ul style="list-style-type: none"> 39% of MSMEs underscored the need for better cash flow management 	<ul style="list-style-type: none"> The majority of MSMEs struggle to manage adequate cash flow and working capital 	<ul style="list-style-type: none"> 12.24% of MSMEs face cash flow problems 	<ul style="list-style-type: none"> Some MSMEs struggle to manage cash flow and working capital
	External Financing	<ul style="list-style-type: none"> 13% of MSMEs want banks to relax their lending restrictions 82% of MSMEs require some external financing 	<ul style="list-style-type: none"> 55% of MSMEs require a larger amount of loans for business operations 	<ul style="list-style-type: none"> The majority of MSMEs find lenders overemphasize the need for collateral 	<ul style="list-style-type: none"> 46% of MSMEs require cheaper loans 25% of MSMEs need more collateral for the same amount of financing 	<ul style="list-style-type: none"> 58% of MSMEs have no access to external financing 49% of MSMEs felt that they were unserved or underserved
	Payments/ Factoring/ Invoice Management	<ul style="list-style-type: none"> MSMEs receive late payments 22–26% of the time Most MSMEs have difficulty collecting invoices 	<ul style="list-style-type: none"> 32% of MSMEs cited delayed payments as a challenge Factoring volume tripled in the last 6 years 	<ul style="list-style-type: none"> MSMEs find slow fund disbursement a challenge when dealing with lenders 	<ul style="list-style-type: none"> MSMEs receive late payments 35% of the time Complex payment procedures and an inefficient banking system are cited as key reasons 	<ul style="list-style-type: none"> MSMEs receive late payments 28% of the time

	Indonesia	Malaysia	Philippines	Singapore	Thailand	
Common non-financial Needs	Input Cost Mitigation	<ul style="list-style-type: none"> 55% of MSMEs were concerned with rising business costs 	<ul style="list-style-type: none"> 74% of MSMEs are looking to mitigating rising costs with increased productivity and profit margins 	<ul style="list-style-type: none"> 23% of MSMEs cited rising business costs as a key constraint to growth 	<ul style="list-style-type: none"> 31% of MSMEs were concerned with high rental costs, and 19% with material costs 	<ul style="list-style-type: none"> High production costs were cited as a key challenge
	Cost and Quality Labor	<ul style="list-style-type: none"> MSME labor productivity is 10 times lower than that of large enterprises 29% of MSMEs noted a lack of quality labor 	<ul style="list-style-type: none"> 78% of MSMEs are labor-intensive and face substantial labor shortages 70% cited skilled labor as a key challenge as well as the need for human capital development 	<ul style="list-style-type: none"> 10% of MSMEs cited the difficulty of finding cheap quality labor as a key constraint to growth 	<ul style="list-style-type: none"> Manpower issues were the top concern for MSMEs 87% of MSMEs are looking to improve labor productivity 	<ul style="list-style-type: none"> The minimum wage in Thailand was increased while the growth in productivity slowed
	Business-friendly Climate	<ul style="list-style-type: none"> MSMEs prefer less complicated licensing processes and lower tax compliance costs 	<ul style="list-style-type: none"> 16-18% of MSMEs felt that regulators were too stringent and want more pro-business government initiatives 	<ul style="list-style-type: none"> Intense business competition, unstable demand, and government regulations were of the key challenges faced by Philippine MSMEs 	<ul style="list-style-type: none"> Most MSMEs are happy with the overall business environment 	<ul style="list-style-type: none"> 85% of MSMEs reported being negatively affected by the political unrest in Thailand

Source: Deloitte, 2015, *Digital Banking for Small and Medium-sized Enterprises: Improving Access to Finance for the Underserved*, available at <https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/financial-services/sea-fsi-digital-banking-small-medium-enterprises-noexp.pdf>.

		Brunei Darussalam	Cambodia	Lao PDR	Myanmar	Viet Nam
Common Financial Needs	Cash Flow/ Working Capital Management	<ul style="list-style-type: none"> 60% of MSMEs stated that they faced challenges in maintaining adequate cash flow 	<ul style="list-style-type: none"> All MSMEs under-scored the need for better cash flow management 	<ul style="list-style-type: none"> 50% of MSMEs struggle to manage adequate cash flow and working capital 	N/A	<ul style="list-style-type: none"> 60% of MSMEs struggle to manage cash flow and working capital
	External Financing	<ul style="list-style-type: none"> 50% of MSMEs stated that they require some external financing 	<ul style="list-style-type: none"> 40% of MSMEs stated that they require loans and access to funding for business operations 	<ul style="list-style-type: none"> 60% of MSMEs find lenders over-emphasize the need for collateral 	<ul style="list-style-type: none"> Availability and access to external financing is the most obvious need 	<ul style="list-style-type: none"> 80% of MSMEs have no access to external financing
	Payments/ Factoring/ Invoice Management	<ul style="list-style-type: none"> 20% of MSMEs have difficulty collecting invoices 	<ul style="list-style-type: none"> 10% of MSMEs cited delayed payments as a challenge 	N/A	N/A	<ul style="list-style-type: none"> MSMEs receive late payments 40% of the time
Common non-financial Needs	Input Cost Mitigation	<ul style="list-style-type: none"> 40% of MSMEs are concerned with rising business costs 	<ul style="list-style-type: none"> 70% of MSMEs are looking to mitigate rising costs with increased productivity and profit margins 	<ul style="list-style-type: none"> 10% of MSMEs cited rising business costs as a key constraint to growth 	<ul style="list-style-type: none"> MSMEs believe government must solve high rent and high business costs 	<ul style="list-style-type: none"> 60% of MSMEs were concerned with rising business costs
	Cost and Quality Labor	<ul style="list-style-type: none"> 20% of MSMEs noted lack of quality labor 	<ul style="list-style-type: none"> 70% of MSMEs are labor-intensive and face substantial labor shortages 	<ul style="list-style-type: none"> 30% of MSMEs cited the difficulty of finding cheap quality labor as a key constraint to growth 	N/A	<ul style="list-style-type: none"> 60% of MSMEs cited the difficulty of finding cheap, quality labor as a key constraint to growth

	Brunei Darussalam	Cambodia	Lao PDR	Myanmar	Viet Nam
Business-friendly Climate	<ul style="list-style-type: none"> • Half of MSMEs prefer less complicated licensing processes and lower tax compliance costs 	<ul style="list-style-type: none"> • 80% of MSMEs prefer less complicated licensing processes and lower tax compliance costs • 40% indicated support needed from government 	<ul style="list-style-type: none"> • 70% respondents claim more can be done to promote a better business environment 	<ul style="list-style-type: none"> • MSMEs want more supportive and clear government rules and regulation for locals and foreign investors 	<ul style="list-style-type: none"> • 80% of MSMEs prefer less complicated processes, lower tax compliance costs, and a better business environment

Source: Small sample size survey questionnaires implemented by the compiler in 2017 (10 respondents per country).

1.2. WHEN BANKS WON'T WORK

Traditional finance from banks is the most well-known and understood method of attaining finance for business. Indeed, when a business needs money, the instinctive reaction of most new entrepreneurs is to call a banker. For most large businesses, especially corporations, this method proves attainable and practical. MSMEs, however, are struggling to attain financing through this traditional method.

In emerging markets around the globe, some 85 percent of MSMEs (365-445 million) have suffered from a cumulative credit shortage estimated to be in the range of US\$2.1 trillion to US\$2.5 trillion.⁵ Of this, an estimated 45 percent (US\$900 billion to US\$1.1 trillion) occurs in East and Southeast Asia. MSMEs in some ASEAN countries are particularly short-changed by traditional financial institutions. Recent statistics on bank lending to SMEs show that, as a percentage of GDP, Cambodian SME loans from banks only reached 7.8 percent.⁶ Indonesia fared even worse at 6.4 percent. Access to bank loans by SMEs in more economically developed nations like South Korea is as much as five to six times greater.⁷

Governments and donors around the world have recognized this problem and sought to address it. A major innovation over the past 40 years has been the rise of microfinance. Through institutions like Grameen Bank in Bangladesh and Bank Rakyat Indonesia in Indonesia, innovative financiers have found ways to make the kinds of very small loans that often help people start a business. Today, billions of dollars flow to small businesses and individuals around the globe from these institutions. But microfinance institutions are often not able to meet the needs of MSMEs as they grow.

A growing MSME will often find that it no longer qualifies for subsidized credit or small loans from microfinance institutions but its needs are not large enough to be effectively served by corporate banking models. However, factors beyond

⁵ World Bank, 2013, op. cit.; and Asian Development Bank (ADB), 2015, *Asia SME Finance Monitor 2014*, Manila: ADB, available at <https://www.adb.org/sites/default/files/publication/173205/asia-sme-finance-monitor2014.pdf>.

⁶ ADB and Organization for Economic Cooperation and Development (OECD), 2014, *ADB-OECD Study on Enhancing Financial Accessibility for SMEs: Lessons from Recent Crises*, Manila: ADB, available at <https://www.oecd.org/cfe/smes/adb-oecd-study-enhancing-financial-accessibility-smes.pdf>.

⁷ Ibid.

loan size also impede MSME lending and result in poor financial inclusion of MSMEs. Some factors identified in the literature include the following:⁸

1. Low MSME coverage by credit bureaus and registries raises the cost of MSME credit risk assessment;
2. Inadequate reach limits traditional banks to service MSMEs in the physical and digital spheres;
3. Internal banking regulations impose higher risk weights on MSMEs loans, which in turn raises lending costs;
4. Lack of cash flow visibility causes traditional banks to adopt strict collateral-based credit risk models which hinder lending to MSMEs without collateral; and
5. Information asymmetry between demand and supply sides.

This awkward in-between space can result in MSMEs slipping through the cracks and not receiving the funding they need to expand and prosper.

As a step in addressing this problem, in 2013 ASEAN published the *SME Guidebook Towards the AEC 2015*.⁹ The guidebook includes an extensive chapter on how to access credit from banks and identified a wide range of lenders interested in providing credit to MSMEs.

This handbook focuses on a different solution that is rapidly emerging in ASEAN and shows great promise to MSMEs: alternative financing provided by nontraditional financial institutions. While the big traditional banks are often unable to offer credit to MSMEs, the alternative nonbank financing industry has been growing by leaps and bounds. This handbook strives to inform MSMEs about alternative financing opportunities in the region. Importantly, it equips MSMEs with the knowledge and tools to find and attain growth-enabling capital.

⁸ Holland Fintech, “Improving Access to Finance for the Underserved: Digital Banking for SMEs,” August 6, 2017, available at <https://hollandfintech.com/improving-access-to-finance-for-the-underserved-digital-banking-for-smes/>; and Deloitte, 2015, *Digital Banking for Small and Medium-sized Enterprises: Improving Access to Finance for the Underserved*, available at <https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/financial-services/sea-fsi-digital-banking-small-medium-enterprises-noexp.pdf>.

⁹ ASEAN, 2013, *SME Guidebook Towards AEC 2015*, Jakarta: ASEAN, November, available at [http://www.asean.org/wp-content/uploads/images/2013/resources/publication/ASEAN_SME_2015_-_18.11.13_\(CD\).pdf](http://www.asean.org/wp-content/uploads/images/2013/resources/publication/ASEAN_SME_2015_-_18.11.13_(CD).pdf).

2. TYPES OF ALTERNATIVE FINANCE FOR MSMEs

Most MSME entrepreneurs have some understanding of the idea of credit. For example, their suppliers often provide goods first and then accept payment after the goods are sold. This is a type of supplier credit. Or an MSME owner may have asked family and friends for a loan to start her or his business. A loan is money that usually must be repaid and the arrangement often requires that the borrower pay interest or some sort of fee to the lender.¹⁰ As a business grows, MSMEs often seek loans or credit from microfinance institutions or banks.

This handbook does not focus on loans from traditional institutions. Instead, much of what follows is about equity finance. Equity finance differs fundamentally from a loan in that equity investors receive an ownership interest in the company that they invest in and are compensated either by receiving part of firm's profits or by ultimately selling their stake in the business at a profit. Finding equity is fundamentally different from looking for a loan. While a bank may impose conditions on how a borrower operates its business in a traditional loan, an equity holder has an ownership interest that creates a different set of obligations between the investor and the entrepreneur.

This chapter first looks at how an MSME's finance needs change as it grows and then examines the different kinds of finance available to meet those needs.

2.1. STAGES OF FINANCING

New businesses require start-up capital. For most MSMEs this comes from the entrepreneur's own savings or from family or friends. This is called bootstrapping. When MSMEs need more funds than they can organize in this way, they may seek additional start-up capital.

The first phase of funding after bootstrap funds have run out is often called seed capital. This funding is made available early in the life of a business to help take the business idea to the next level. This funding is often used to support the market research and product design necessary for the company to become viable. Generally, these kinds of investment are highly risky because they are made before the business has really proved itself.

¹⁰ Islamic finance, which is rapidly growing in the region, prohibits the charging of interest, so this type of debt is not acceptable in some situations. A deep discussion of Islamic finance is not possible here. For more information on the topic, the reader should seek out Islamic or Shariah financial institutions.

The type of investors interested in firms at this stage are often called angel investors. They are often rich individuals who have been successful in business themselves and are interested in helping others build their businesses while making more money for themselves. If they invest in a business, they also often commit their time as a mentor/advisor. Angel investors are generally interested in making modest investments to acquire what will ultimately become a partial ownership stake in the start-up firm.

Once the business has begun to operate and generate revenues, the owner will likely see opportunities for growth and/or diversification that cannot be financed out of the company's cash flow. At this point, the firm may seek funding from venture capitalists and other equity investors willing to risk their money on the business for partial ownership of the enterprise. Like angel investors, venture capital firms want to own a part of the business. Venture capitalists are usually not as personally engaged in the business like angel investors but they still want a say in major decisions. Venture capital investors also generally are looking to take a larger minimum financial stake in the firms in which they invest: often US\$100,000 or more.

Other sources of equity are also available to new businesses, including social enterprise funds and equity crowd finance platforms. These and other options are described in the following section.

2.2. TYPES OF ALTERNATIVE FINANCING AVAILABLE IN ASEAN

In much of the financial literature, alternative finance refers to just about any nonbank source of business funds. It can include leases, factoring, and supplier credit, among other sources. The wide range of alternative financing available can be daunting for MSMEs to consider. This handbook focuses on four primary sources of alternative financing available in the region: (i) angel investors, (ii) venture capital, (iii) social impact investment, and (iv) equity crowdfunding. This section defines each of these types of finance.

2.2.1. Angel Investors

As mentioned earlier, angel investors are usually affluent individuals who provide capital for a business start-up, usually in exchange for convertible debt or ownership equity. They are often very hands-on with their investments and offer to mentor the businesses they invest in. For this reason, it is not unusual for angel investors to focus on industries related to the industry in which they succeeded. An increasing number of angel investors now invest through crowdfunding platforms online or organize themselves into angel groups or angel networks to share research and pool their investment capital.

Timing. Angel funds come extremely early during the life of a firm.

Funding amounts. The funding amount offered by an angel investor may be as small as a few thousand (U.S.) dollars or as large as 1 million dollars.

Deal structure. Angel investments often are structured in more flexible ways in order to reduce transaction costs and speed up the process of reaching an agreement. For instance, an angel investment might be in the form of convertible notes or a simple agreement for future equity. These kinds of approaches generally do not immediately transfer an ownership interest to the angel investor but would do so if the business is successful.

2.2.2. Venture Capital (VC)

Venture capital (sometimes referred to as “private equity” or simply “PE”) is provided by firms or funds to small, early-stage firms that have moved beyond the pure start-up stage (usually funded by angel investors) but that still need significant equity to grow or establish their business. This kind of capital is often provided by firms that specialize in reviewing and evaluating new companies and that seek high-risk, high-return opportunities.

Venture capital funding is given to a start-up company in exchange for equity. The start-up is often in a high-growth industry like biotechnology or the digital economy. The fact that these start-ups usually have few or no assets to support a traditional bank loan leads them to look for equity partners instead.

Timing. Venture capital often flows to businesses that have some track record. It is still early-stage financing for a firm, but not as early or risky as angel investments.

Funding amounts. VC funding amounts usually range between hundreds of thousands of dollars and much, much more. The tables in Chapter 3 provide a sense of the size of investments that specific firms are interested in making.

Deal structure. Venture capital deals can be structured in various ways but generally require that equity be transferred immediately upon receipt of the investment in the firm.

2.2.3. Social Impact Investment

Social impact investment, also called “impact investing”, is a form of venture capital or even angel investing in which the investor seeks to not only make money but also to promote some social good. Social impact investors often focus on issues such as poverty, education, health care, and the environment. Social impact investors can provide both debt and equity financing to businesses.

2.2.4. Equity Crowdfunding

Equity crowdfunding is a new approach for seeking investors in a business. In equity crowdfunding a business offers to sell shares to investors who provide small amounts of financing through an internet platform. Equity crowdfunding is often regulated more like public stock issuances than like private equity.¹¹ Often the size of individual investments is limited and the businesses face significant requirements to disclose information about their businesses to the investors. However, these disclosure requirements are less onerous than the requirements for an initial public offering on a large stock exchange.

Timing. Equity crowdfunding generally flows to businesses at the seed or other very early stages of development.

Funding amounts. The funding amounts available through equity crowdfunding depend on the regulatory rules in the nation. As of early 2017, successful equity crowdfunding campaigns in Malaysia raised funding amounts varying from approximately US\$30,000 to US\$600,000.¹²

Deal structure. Investors in equity crowdfunded firms receive equity (shares of company stock) in the business. This means that businesses issuing equity through this means hand over partial ownership of the firm to the crowd of investors.

¹¹ See ASEAN, 2017, *Facilitating Equity Crowdfunding in the ASEAN Region*, Jakarta: ASEAN, available at <http://asean.org/storage/2017/09/Final-Facilitating-Equity-Crowdfunding-in-ASEAN.pdf>. This is an extensive study of the regulatory aspects of equity crowdfunding in ASEAN and other countries.

¹² Ibid.

2.3. GROWTH OF ALTERNATIVE FINANCING IN ASEAN

MSME financing in ASEAN only became a strategic target for financing following the 2008 financial crisis, when banks tried to pivot away from servicing large corporate firms.¹³ Despite this, in a survey of the five largest economies in ASEAN, less than 60 percent of SMEs said they had used bank loans for financing needs, with personal funds remaining the dominant source of finance.¹⁴ This has created a gap in the market, which has led to a rise in alternative finance mechanisms in ASEAN.

Growth has been exponential. An analysis of the alternative finance market of seven AMSs¹⁵ found that from 2013 through 2015, the year-on-year growth rate averaged 109 percent, with a total market volume of US\$83.99 million raised in those 3 years. This growth further jumped in 2016, when US\$215.94 million was raised in that year alone—a 363 percent increase from the amount raised in 2015. The large growth can be attributed to increased activity in the peer-to-peer and equity-based crowdfunding segments, due largely to increased activity in Singapore. A substantial level of outflows from Singapore went to intra-ASEAN funding (Cambodia, Indonesia, and Malaysia).¹⁶

The availability of alternative finance within the 10 AMSs varies widely depending upon the level of economic development. Within ASEAN, venture capital has focused on Indonesia, Malaysia, and Singapore, accounting for more than 85 percent of investments in the region from 2011-2016. However, there has been a shift to other markets within the region, notably in the Philippines, Thailand, and Viet Nam. Investment activity in these three countries was forecast to double in 2016 from its level previously in 2012.¹⁷ Investments into the Least Developed Countries (LDC)¹⁸ in ASEAN (Cambodia, Lao PDR, and Myanmar) remain limited and focused on infrastructure development such as banking and communications.¹⁹ Despite this limitation, Cambodia and Myanmar angel

¹³ Deloitte, 2015, op. cit.

¹⁴ Ibid.

¹⁵ Singapore, Indonesia, Malaysia, Cambodia, Thailand, Viet Nam, and the Philippines.

¹⁶ Cambridge Centre for Alternative Finance, Australian Centre for Financial Studies, Monash Business School, and KPMG, 2017, *Cultivating Growth: The 2nd Asia Pacific Region Alternative Finance Industry Report*, available at https://www.jbs.cam.ac.uk/fileadmin/user_upload/research/centres/alternative-finance/downloads/2017-09-cultivating-growth.pdf.

¹⁷ EY (formerly Ernst & Young), 2016, *Private Equity Briefing: Southeast Asia*, available at [http://www.ey.com/Publication/vwLUAssets/ey-private-equity-briefing-southeast-asia/\\$FILE/ey-private-equity-briefing-southeast-asia.pdf](http://www.ey.com/Publication/vwLUAssets/ey-private-equity-briefing-southeast-asia/$FILE/ey-private-equity-briefing-southeast-asia.pdf).

¹⁸ Least Developed Countries as defined by the United Nations, list most recently in June 2017 at available at https://www.un.org/development/desa/dpad/wp-content/uploads/sites/45/publication/ldc_list.pdf.

¹⁹ EY, 2016, op. cit.

networks were among the seven national angel networks that created the ASEAN Angel Alliance in November 2016. This private sector collaborative platform provides an alternative platform for angel investors and venture capital to finance start-ups and other early-stage initiatives.²⁰

Beyond private sector initiatives, AMS governments have also taken it upon themselves to create a conducive environment for improving MSME access to finance, including social impact investment. For example, the governments of Malaysia and Singapore now have agencies dedicated to supporting social start-ups and early-stage social ventures with seed funding and incubation support. In addition, Malaysia and Thailand have proposed the creation of social funds to facilitate the development of social enterprises.²¹

Finally, the regulatory landscape for equity crowdfunding has grown positively since 2015 when Malaysia became the first AMS (and the third country globally) to formally legislate equity crowdfunding.²² Since this endorsement, Indonesia, Singapore, and Thailand have moved forward with enabling the regulation of equity crowdfunding,²³ and equity crowdfunding platforms have begun operating in Brunei Darussalam²⁴, Indonesia, Malaysia, Singapore, and Thailand.

²⁰ ASEAN CSR Network, 2017, *Towards Inclusive and Sustainable Growth in the ASEAN Economic Community*, available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ CrowdPlus.Asia entered the Bruneian market in 2016.

3. SOURCES OF ALTERNATIVE FINANCE IN ASEAN

To date, there are over 200 VCs/PEs, social impact investors, and equity crowdfunding platforms all over Southeast Asia and even more angel investors. Many are located in Singapore and Malaysia, but other countries also have significant groups of alternative investors. This chapter can help MSME owners identify possible alternative finance investors to approach with their business ideas. However, it is important for companies seeking funding to think carefully about whom they approach. Do the research. Figure out which firms are most likely to fund the kind of business that you are creating. Only then should you approach an investor.

3.1. ANGEL INVESTORS

Individual angel investors are often difficult to find. They are usually individuals who are reluctant to advertise that they are looking for businesses to invest in and support. Often the best way to find an angel investor is through your contacts in the business community. Those contacts are likely to know people interested in investing in companies like yours and your contacts could offer to introduce you to potential investors. Similarly, if you are associated with an accelerator or incubator, it can probably help you find an early stage investor.

But there are also places to look online. One place is Angel List, www.angel.co. It has lists of angel investors in this region and provides some information about what those investors are looking for. For example, here is a link to angel investors in Thailand: <https://angel.co/thailand/investors>.

An even better way to access angel investors is through angel investor networks. There are a number of such networks in this region. For instance, Bansea describes itself as the oldest business angel network Southeast Asia (<https://www.bansea.org>). In Indonesia, one network is called Angin, <http://angin.id>. It grew out of the Global Entrepreneurship Program Indonesia but now operates independently. Manila Angels Investment Network (<http://www.main.ph>) operates in the Philippines. The Mekong Angel Investment Network (<http://mekongbusinessangels.com>) covers the Mekong River Basin, and in Malaysia there is the Malaysian Business Angel Network (<http://mban.com.my>). Other angel networks exist in cities around the region.

3.2. VENTURE CAPITAL

There has been an explosion of venture capital firms interested in opportunities in Southeast Asia. As mentioned in Chapter 2, they have a tendency to look for larger investments than angel investors and are very focused on scalability and potential returns. Table 2 lists basic data for a number of relevant venture capital and private equity firms.

Table 2: Venture Capital Private Equity Firms Operating in ASEAN

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
1337 Ventures	Early Stage, Pre-Seed, Seed	10,800	30,000	www.1337accelerator.com	2009	Malaysia, Southeast Asia	Consumer, Entertainment, Gaming, Hardware, Music, Social Marketing
500 Startups (500 Durians/ 500 Tuk Tuks)	Early Stage	26,000	70,000,000	https://500.co/	2012 in Asia	Malaysia, Singapore, Philippines, Viet Nam, Thailand, India, USA, Taiwan, Hong Kong, Japan, Bangladesh, Australia, China	Biotech, Consumer, Data & Analytics, Design, E-commerce, Educations, Finance, Mobile, Music, Software, Travel
8capita	Early Stage, Pre-Seed, Seed	600,000	12,800,000	www.8capita.com	2013	Singapore, Thailand, USA, Indonesia	B2B/Enterprise, Consumer, Software
Abraaj Group	Early Stage, Seed	30,000,000	60,000,000	www.abraaj.com	2002	Africa, Asia, Latin America, Middle East and Turkey	B2B/Enterprise, E-commerce, Transportation
Accel	Early Stage, Pre-Seed, Seed	1,000,000	1,000,000,000	www.accel.com	1983	India, Australia, Israel, Singapore, USA, United Kingdom, China, New Zealand, Canada	Software

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Accion Capital through Accion Asia Growth Fund	Seed	25,000	250,000	www.accionasia.com	1961	Southeast Asia, China	Technology, Health Care, Natural Resources-related Services and Infrastructure, Renewable Energy and Environmental Protection, Hospitality & Lifestyle, Education Logistics, Consumer-related businesses
Alpha JWC Ventures	Seed, Early Stage, Later Stage,	50,000	50,000,000	www.alphajwc.com	2015	Southeast Asia	Agnostic
ANGIN	Seed, Early Stage	25,000	150,000	http://angin.id/	2013	Indonesia	Agriculture, Consumer, Data & Analytics, E-Commerce, Education, Finance, Food & Beverages, Health/Medical, Internet of Things (IoT), Mobile, Social Enterprise, Software, Start-Ups
AppWorks	Seed, Early Stage, Formative Stage	100,000	5,000,000	https://appworks.tw/	2009	Taiwan, Southeast Asia	Mobile Internet, IoT

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Arbor Ventures	Seed, Early Stage, Later Stage	3,000,000	5,000,000	www.arborventures.com	2012	Hong Kong, China, Japan, Singapore, ASEAN	Data & Analytics, Finance
Ardent Capital	Seed to Series A	350,000	15,000,000	www.ardentcapital.com	2013	Southeast Asia	E-commerce
Aria Group	Seed to Series A	10,000,000	100,000,000	https://www.crunchbase.com/organization/aria-group	2012	India, Southeast Asia, Greater China	Retail/Food & Beverage, Health Care, Lifestyle/ Services, Consumer Technology
Ascent Capital	Seed, Early Stage	10,000,000	30,000,000	www.ascentcapital.in	2001	India	Technology, E-commerce, Health Care, Financial Services, Consumer Brands, Infrastructure
Asia Pacific Digital	VC, Early Stage	100,000	2,500,000	www.apdgroup.com	2007	Melbourne, Sydney, Shanghai, Kuala Lumpur, Auckland, Manila, Singapore	Digital Strategy, E-commerce, Digital Solutions, Customer Acquisition, Customer Retention & Management, Business Intelligence
Asia Pacific Internet Group (APACIG)	Early Stage	Undisclosed	4,500,000	www.asiapacificinternetgroup.com	2014	Southeast Asia	Online Services for Consumers and Businesses
Asia Venture Group	Early Stage	500,000	550,000	http://asiaventuregroup.com/	2013	Southeast Asia	Internet, E-commerce, and Technology

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Aspada	Seed, Early Stage, Later Stage	1,600,000	3,300,000	www.aspada.com/	-	India	Agricultural Supply Chains, Logistics, Financial Services, Education, Health Care
Atomico Ventures	Seed, Early Stage, Later Stage, Private Equity	100,000	5,000,000	www.atomico.com/	2006	Europe, Latin America, USA, Asia	Curated Web, Mobile, E-commerce
August Capital	Seed up to US\$1million	100,000	5,000,000	www.augustcap.com	2012	Singapore, ASEAN, USA	Big Data, Social Networking & Communication, Crowdsourcing, General Software, Health, Supply Chain & Logistics Technology
Aurum Equity Partners	Early Stage	200,000	1,000,000	www.aurumequity.com/	2012	India, Asia	Health Care & Pharmaceuticals, Consumer Markets & Food, Technology & Internet, Industrials, Infrastructure & Real Estate, Banking & Finance, Supply Chain & Logistics. Education

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Axiata Digital Innovation Fund (fund formed by Axiata, Malaysian Venture Capital Management Berhad [MAVCAP], & Johor Corporation)	Seed, Series A, Series B	100,000	2,500,000	www.intrescapital.com/funds.html	2012	Malaysia, Singapore	E-commerce, Location-based Services, Big Data Analytics, IoT, Traditional to Cloud Services, Online Billing & Payment Systems
B Dash Ventures	Seed, Early Stage, Later Stage	300,000	2,000,000	www.bdashventures.com/en/	2011	Japan, Asia, Pacific, USA	Mobile, News, Games
BAF Spectrum	Seed Early Stage	60,000	800,000	www.bafspectrum.com	2006	India, Singapore	Hardware & Software, E-commerce, Travel
Baidu.ventures	Early Stage	1,000,000	500,000,000	http://bv.ai/	2016	China, Asia Pacific, Worldwide	Artificial Intelligence
Beenext	Seed to Series A	100,000	5,000,000	www.beenext.com	2015	India, Southeast Asia, Japan, USA	Marketplace, Financial Technology (FinTech)
Beenos Partners (also known as Beenos Plaza)	Seed, Early Stage, Later Stage	5,000,000	60,000,000	https://beenos.com/en/	1999	India, Philippines, Indonesia, Singapore, Japan	B2B/Enterprise, Manufacturing, Mobile, Software

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Bertelsmann Asia Investments (BAI)	Seed, Early Stage, Later Stage	1,000,000	10,000,000	www.baifund.com/en/	2008	China, Southeast Asia	New Media, Internet and Mobile Internet, Online Education, New Technology, Outsourcing and Services
Cento Ventures (formerly Digital Media Partners)	Seed, Early Stage	600,000	3,200,000	https://www.cento.vc	2011	Emerging Markets	Consumer Internet
Cherubic Ventures	Seed, Early Stage	300,000	3,000,000	www.cherubicvc.com	2010	USA, China, Southeast Asia	Consumer Web, Games, Video and Entertainment
Coent Venture Partners	Seed, Early Stage, Later Stage	100,000	10,000,000	www.coent.sg/	2014	Southeast Asia	Across all sectors
Convergence Ventures	Seed, Early Stage, Later Stage	1,000,000	8,000,000	www.convergencevc.com	2014	Southeast Asia	Advertising, B2B/Enterprise, Consumer, Media, Mobile, Travel
Cradle Fund	Pre-Seed, Seed, Early Stage, Later Stage	27,000	1,000,000	http://www.cradle.com.my/	2003	Malaysia, Singapore	B2B/Enterprise, Consumer, Design, Education, Logistics/Supply Chain, Net Infrastructure, Social Networking, Travel, Web

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Credence	Seed, Early Stage, Later Stage	2,400,000	16,000,000	www.credence-investment.com	2008	Asia Pacific	Unavailable
Crystal Horse Investments	Seed	16,000	480,000	http://ch-investments.com.sg/wp/	2010	Southeast Asia	Consumer Web
Crystal Stream Capital	Seed, Early Stage	800,000	8,000,000	https://www.crunchbase.com/organization/crystal-stream	2012	China, Hong Kong, Singapore, Indonesia	Technology, Media and Telecommunications
CyberAgent Ventures	Seed, Series A, Series B	500,000	10,700,000	http://www.cyberagentventures.com/en/	1999	Globally	Focus Areas include Marketplaces
Digital Currency Group	Early Stage	Undisclosed	250,000	http://dgc.co	Unknown	Israel, India, Singapore, Japan	FinTech, Marketplaces & Platforms, Music & Entertainment, Software as a Service (SaaS)
Digital Garage	Seed, Early Stage	100,000	10,000,000	www.garage.co.jp/en	1995	USA, Singapore, Japan, India, Indonesia	Marketplaces & Platforms, Enterprise Solution, Video, Travel, E-commerce
DSG Consumer Partners	Seed, Early Stage, Formative Stage	100,000	2,000,000	www.dsgcp.com	2013	Singapore, India, Southeast Asia	Consumer, Finance, Food & Beverages, IoT
East Ventures	Seed, Early Stage, Later Stage	100,000	4,000,000	www.east.vc	2010	Indonesia, Singapore, Japan, Southeast Asia	E-commerce, Gaming, Software, Web

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Eight Roads	Seed, Early Stage, Later Stage	8,500,000	15,000,000	https://eightroads.com/en	1946	Asia-Pacific, Europe, the Middle East, South America	Consumer, Ecommerce, Logistics/Supply Chain, Real Estate
Electric Sheep Capital	Early Stage	500,000	2,000,000	www.funderbeam.com/investors/electric-sheep-capital	Unknown	Singapore	Consumer Services/ Consulting/ Marketing and Advertising
Elixir Capital	Seed, Early Stage	100,000	10,000,000	www.elixircap.com/	2016	USA, Malaysia, Indonesia	Anything tech-related
Fenix Venture Capital	Seed, Series A, Series B	100,000	6,400,000	www.fenixvc.com	2011	California, Singapore, Indonesia, Japan, South Korea, Middle East, Bangladesh, Viet Nam, Thailand, Philippines	Information Technology (IT), Health IT, Artificial Intelligence, IoT, Robotics, Big Data, Virtual Reality, Augmented Reality, FinTech, Next Generation Technologies
Formation 8	Seed, Early Stage, Later Stage	600,000	12,800,000	http://formation8.com/	2011	South Korea, China, Asia, Singapore	B2B/Enterprise, Data & Analytics, E-commerce, Software
Foxconn	Early Stage	2,000,000	119,000,000	www.foxconn.com	Unknown	China, India, Taiwan, Singapore, Hong Kong, USA	Design, Hardware, Logistics/ Supply Chain, Manufacturing, Software

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Galaxy Ventures	Seed, Early Stage	100,000	500,000	www.galaxyventures.co.th	2012	Thailand, Southeast Asia	Entertainment, Gaming, Media, Software Platforms, E-commerce, Payments, Data Analytics
General Atlantic	Seed, Early Stage	100,000	10,000,000	www.generalatlantic.com/	1980	Worldwide	Consumer, Finance, Health/Medical, Internet of Things (IoT), Retail, Software
Get2Volume	Seed, Early Stage	200,000	480,000	www.g2vaccelerator.com	2004	Singapore, Global	Smart Grid, Semiconductors, Clean Energy
GGV Capital	Seed, Early Stage, Later stage	2,000,000	65,000,000	www.ggvc.com	2000	China, USA	China, Mobile, Internet, E-Commerce, Consumer, Internet, Digital Media, SaaS, Enterprise, Internet of Things IoT), Social Marketing, Travel, Music, Gaming, Cloud, Security, Frontier Tech

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
GIC – Government of Singapore Investment Corporation	Seed, Later Stage	Undisclosed	104,000,000	www.gic.som.sg/	1981	Worldwide	Energy Equipment & Services, Oil, Gas & Consumable Fuel Chemicals, Construction Materials, Containers & Packaging, Metals & Mining, Paper & Forest Products, Industrials, Consumer Discretionary, Health Care, Financials, IT, Real Estate, Telecommunication Services, Consumer Staples
Global Asia Partners (GAPVC)	Early Stage	100,000	1,000,000	www.gapvc.com/	Unknown	Asia, USA, Europe	Light Manufacturing, Distribution, Telecommunications, Health Care, Outsourcing
Global Brain	Early Stage	800,000	12,800,000	http://globalbrains.com/en/	2001	USA, Japan, Asia	E-commerce, Disruptive Technologies, Game, Media, Kids/ Education, Cloud, Advertising, IoT, FinTech, Others
Global Mobile Game Confederation (GMGC)	Early Stage	Undisclosed	Undisclosed	http://en.gmgc.info/	2012	Southeast Asia, Global	Consumer, Gaming, Mobile, Web

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Globis Capital Partners	Seed, Early Stage, Later Stage	500,000	4,000,000	www.globiscapital.co.jp/en	1996	Japan, South Korea	Software, E-commerce, SaaS
GMO (Global Payment Fund)	Seed, Early Stage	Undisclosed	15,000,000	www.gmo-vp.com/gpf/	2005	Asia, Southeast Asia	Payment Companies, FinTech
GMO Venture Partners	Seed, Early Stage, Later Stage	Undisclosed	Undisclosed	www.gmo-vp.com/en/	-	Asia, Southeast Asia	Advertising, Consumer, E-commerce, Web
Gobi Partners/ Gobi MAVCAP ASEAN Superseed Fund	Seed, Series A	250,000	15,000,000	www.gobivc.com/	2002	Malaysia, Indonesia, Singapore	Advertising, Photography, Travel
SuperSeed Golden Gate Ventures	Fund I did Seed (US\$50-600k); Fund II will do Series A	40,000	1,600,000	http://goldengate.vc/	2012	Southeast Asia	Digital
Goldman Sachs	Seed, Early Stage Venture, Later Stage Venture, Private Equity, Debt Financing Investments	100,000,000	500,000,000	www.goldmansachs.com/	1869	Asia, Canada, Europe, USA	Computer Security, Mobile, Software
GREE Ventures	Pre-A, Series A	300,000	2,000,000	www.greeventures.com/en	2014	Indonesia, Southeast Asia, Japan	Mobile, Internet

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Hatcher Plus	Early Stage	Undisclosed	100,000,000	https://hq.hatcher.com/	2014	Africa, Asia, Middle East	Business Enablement, Financial Services, Interactive Media, Marketplace Platforms
Hera Capital	Seed, Early Stage, Formative Stage, Later Stage	1,200,000	12,800,000	http://hera-capital.com/	2009	Southeast Asia	Fashion, Health/Medial, Media, Retail
Hillhouse Capital Group	Early Stage, Later Stage, Private Equity, Post-IPO Equity Investments	40,000,000	65,000,000	www.hillhousecap.com	2005	Asia, Globally	Consumer, Internet, Media, Retail, Health Care, Energy, Advanced Manufacturing
Horizons Ventures	Seed, Early Stage, Later Stage, Private Equity	1,500,000	300,000,000	www.horizonsventures.com	1999	Global	Mobile, Apps, Search Engines
Hubert Burda Media	Later Stage Series B and up	5,000,000	20,000,000	www.hubert-burda-media.com ; www.burdapincipal-investments.com	1903 1998	Southeast Asia, Europe, Asia, USA	Consumer Internet, B2C, Fashion, Digital Technology and Media
Idea River Run (IRR)	Seed, Early Stage, Later Stage	300,000	700,000	www.ideariverrun.com/	2014	Malaysia, Southeast Asia	Consumer Products, Education, Transportation, Cultural
Ideosource	Seed, Early Stage	Undisclosed	22,000,000	www.ideosource.com	2011	Indonesia, Singapore	Games, E-commerce, Mobile

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
IDG Capital	Seed, Early Stage, Later Stage	200,000	4,000,000	www.idgventures.com/	2001	China, India, Viet Nam, USA, South Korea, North America, Asia	Media, Technology, Telecommunications, Consumer Businesses
iGlobe Partners	Early Stage	400,000	6,400,000	www.iglobepartners.com/	1999	Asia, Singapore	E-commerce
Incubate Fund	Series B and up	1,000,000	10,000,000	http://incubatefund.com/en/	1999	Malaysia, Singapore, Japan	Gaming, Media, Social Enterprise
IncuVest	Early Stage	200,000	480,000	www.incuvestasia.com	Unknown	Singapore, USA	E-commerce, General Software, Enterprise Solution, Lifestyle and Gaming
Indosat	Early Stage	100,000	4,000,000	https://www.indonesia-investments.com/business/indonesian-companies/indosat-ooredoo/item200	1967	Indonesia	Infrastructure, Utilities & Transportation, Telecommunications
Infoteria Corporation	Seed	Undisclosed	Undisclosed	www.infoteria.com/jp/en	1998	Japan, Indonesia	Web Development, Software
Innosight Ventures	US\$500,000 to US\$2 million	400,000	1,600,000	www.innosightventures.com/	2008	Asia Pacific	Information and communications technology (ICT)
Intel Capital	VC	800,000	16,000,000	www.intelcapital.com	1991	Global	E-commerce, General Software, Enterprise Solutions, Lifestyle and Gaming

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
InVent	Early Stage Venture, Later Stage Venture Investments	Undisclosed	Undisclosed	www.inventvc.com	2012	Thailand, Southeast Asia	Information Technology, Telecommunications, Media, Digital Content
JAFCO Asia	Seed, Early Stage Venture, Later Stage	2,400,000	6,400,000	www.jafcoasia.com	1990	Australia, India, Israel, Singapore, Taiwan	E-commerce, Mobile, Games
Joyful Frog Digital Innovation (JFDI) Asia	S\$25k for a 5-20% stake	8,000	40,000	www.jfdi.asia	2012	Asia Pacific	All Digital
Jungle Ventures	Fund I did Seed (US\$50–600k); Fund II will do Series A	40,000	1,600,000	www.jungle-ventures.com	2011	Southeast Asia	New Media
Kathrein Ventures	Seed	Undisclosed	Undisclosed	www.kathreinventures.com	2013	Southeast Asia, Latin America	Software
Kickstart Ventures	Seed and Series A (since 2 nd fund)	30,000	5,000,000	www.kickstart.ph	2012	Philippines	Any
Kima Ventures	Seed, Early Stage	100,000	8,000,000	www.kimaventures.com	2010	Worldwide, Europe, USA	B2B/Enterprise, Design, Education, Energy & Clean Technology (Cleantech), Finance, Hardware, Logistics/Supply Chain, Media, Social Networking, Software

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
KK Fund	Seed Stage	200,000	550,000	http://kkfund.co/	2015	Southeast Asia, Hong Kong, Taiwan	Online marketplace, FinTech, Logistics, Media & Entertainment
Lilly Asia Ventures	Early Stage, Later Stage	Undisclosed	Undisclosed	www.lillyasiaventures.com/en/	2008	China, Asia	Transport, Telecommunication, Technology, Medicine and Health Care
Majuven	Early Stage, Formative Stage, Later Stage	500,000	2,000,000	www.majuven.com	2012	Singapore, Thailand, China, Indonesia, India, USA	B2B/Enterprise, Banking & Accounting, Biotechnology, Computer Networking, Computer Security, Consumer, E-commerce, Energy, Cleantech, Hardware, Health/Medical, Logistics/Supply Chain, Medical Devices, Mobile, Net Infrastructure, Productivity & CRM [consumer relationship management], Robotics, Sharing Economy, Smart Cities, Social Networking, Telecommunications, Transportation

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Mediacorp/ Mediapreneur	Seed, Early Stage	800,000	16,000,00	http://www16.mediacorp.sg/themediapreneur/	Unknown	Singapore	Advertising, Media, Software, Telecommunications
Monk's Hill Ventures	Series A (US\$1m to 5m for 15-30%)	1,000,000	5,000,000	www.monkshill.com	2014	Southeast Asia	Technology
New Asia Investments	Early Stage	800,000	12,800,000	http://newasiainvestment.com	2012	Asia	Med tech, Clean tech (Water and Energy) and industrial innovations
Nova Founders Capital	Seed, Early Stage, Later Stage	100,000	25,000,000	www.novafounders.com	2012	Asia	FinTech
NSI Ventures/ Northstar Group	Series A and B	2,000,000	10,000,000	www.nsi.vc	2014	Southeast Asia	Marketplace, FinTech, Hardware, E-commerce, SaaS
OPT SEA	Seed, Early Stage, Later Stage	500,000	2,000,000	www.optsea.com	2014	Thailand, Japan, Indonesia, Singapore	Consumer, Internet of Things, Marketing, Media, Mobile Telecommunications
Patamar Capital (previously Unitus Impact)	Early Stage	500,000	2,000,000	www.patamar.com/	N/A	India, Indonesia, Viet Nam, China	Agricultural Supply Chain

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Pinehurst Advisors	Micro VC, Seed, Early Stage	450,000	1,100,000	www.pinehurstadvisors.com	2012	Taiwan, China, Singapore	E-commerce, Education, Media, Mobile, Social Networking, Software
PT. Insight Investments Management	VC	Undisclosed	Undisclosed	http://i-invest.co.id/v3/	2003	Jakarta, Indonesia	Unavailable
Raffles Venture Partners	Later Stage	800,000	4,000,000	http://www.rafflesventurepartners.com/	N/A	Singapore	Search & Discovery, Recognition Tech, Gaming
Rakuten Ventures	Seed, Early Stage, Later Stage	800,000	12,800,000	https://global.rakuten.com	2013	Globally, Currently – Asia, Europe, the Americas, Oceania	E-commerce, eBooks & eReading, Travel, Banking, Securities, Credit Card, e-Money, Portal and Media, Online Marketing, Professional Sports
Rebright Partners	Early Stage, Series A	200,000	400,000	www.rebrightpartners.com	2008	Southeast Asia	Internet, Software, Mobile
Red Dot Ventures	Seed Stage	200,000	480,000	www.reddotventures.com	2012	Asia, USA	Data & Analytics, Education, Energy & Cleantech
SBI Ven Capital	PE	800,000	12,800,000	www.sbivencapital.com.sg	2007	Asia	Financial Services, FinTech
SEGNEl Ventures	Pre-Seed, Seed	10,000	500,000	www.segnel.com	2015	Southeast Asia, South Asia	Marketplace, Mobile based Applications, E-commerce, Media, Ed-tech

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Sequoia Capital	VC	1,000,0000	100,000,000	www.sequoiacap.com	1972	India, Southeast Asia	Energy, Enterprise, Financial, Health Care, Internet, Mobile
SGInnovate	Seed	800,000	4,000,000	https://www.sginnovate.com	1996	Asia, Europe, USA	Analytics, Big Data, FinTech, Incubators
Simile Venture Partners	Hatch stage (co-founding of the business) to Series A	50,000	4,000,000	http://simileventure.com/	2012	Europe, Southeast Asia, Brazil, Turkey, Russia	Consumer Internet, Digital Media, E-commerce, News, Marketplaces
Sinar Mas Digital Ventures (SMDV)	Seed to Series A	100,000	6,000,000	https://www.crunchbase.com/organization/sinar-mas-digital-ventures-3;	2014	Indonesia, Japan, Thailand	Agriculture, E-commerce, Finance, Gaming, Real Estate, Retail, Software, Telecommunications
Singapore Angel Network (SGAN)	Venture Capital	150,000	700,000	www.sgan.sg	2012	Singapore, India	Education, Hardware, Social Networking
Singtel Innov8	From Seed to Series B	80,000	16,000,000	http://innov8.singtel.com/	2001	Asia, USA	Ad tech, General Internet, Hardware, Analysis, Big Data, General Software, Social Networking and Communication and Communication, Security, Lifestyle, Gaming, FinTech, Enterprise Solutions
Sovereign's Capital	Seed, Early Stage	200,000	2,500,000	http://sovereignscapital.com/	2012	USA, Indonesia, Other Southeast Asia	Health Care, SaaS, Other IT, Consumer Products/Services

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
SPH Ventures	Early Stage Venture and Later Stage	800,000	16,000,000	http://www.sphventures.com.sg/	2014	Asia	All Media
Spiral Ventures (previously IMJ Investment Partners)	Seed, Series A	100,000	2,000,000	https://spiral-ventures.com/	2013	Southeast Asia, Japan	E-commerce
SPRING SEEDS Capital	Up to S\$1million	60,000	800,000	https://www.spring.gov.sg/Nurturing-Startups/Pages/nurturing-startups-overview.aspx	2010	Singapore	All sectors
TA Ventures	Seed Stage to Series A	100,000	500,000	http://taventures.vc/	2010	Global, but majority of investments in USA and Europe	Deep Tech, Online Marketplaces, SaaS
Temasek	Seed	40,000,000	250,000,000	www.temasek.com.sg	1974	Singapore, Asia, North America, Australia & New Zealand, Europe, Africa, Central Asia, the Middle East, Latin America	Telecommunications, Media & Technology, Financial Services, Transportation, Industrials, Life Sciences, Agriculture, Consumer, Real Estate, Energy, Resources
Tembusu Partners	PE, Early Stage	4,000,000	10,000,000	www.tembusupartners.com	2006	Asia, South East Asia	Education, Health Care, Technology, Oil & Gas, Engineering Services, Resources and Manufacturing

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Tencent	Seed, Early Stage, Formative Stage, Later Stage	8,300,000	3,000,000,000	www.tencent.com/en-us/index.html	1998	Global	Any
Tigris Capital	Seed, Early Stage, Formative Stage	50,000	300,000	http://www.tigriscapital.com.sg/	2003	Southeast Asia	B2B/Enterprise, Consumer, E-commerce
TNF Ventures	Seed stage	100,000	600,000	www.tnfventures.com	2012	Asia	Consumer Technology, Mobile, Travel, E-Commerce
Transcosmos	Seed, Early Stage	1,860,000	10,000,000	http://transcosmos.com/	1998	Japan, Indonesia, Singapore, Philippines, Thailand, Viet Nam	B2B/Enterprise, Consumer, E-commerce
Velos Partners	Venture Capital that does Early Stage Venture and Private Equity Investments	1,000,000	10,000,000	www.velospartners.com	2013	Southeast Asia	Consumer Technology, Mobile, Travel, E-commerce, Retail Innovation, Media, Entertainment, FinTech
Venturetec	Seed	25,000	50,000	https://www.venturetecgroupp.com/	2013	Australia, Hong Kong, Singapore	Enterprise
Venturra Capital	Seed, Series A, Series B	1,200,000	12,000,000	http://www.venturra.com/	2015	Indonesia, Malaysia, Southeast Asia	E-commerce, Marketplaces & Platforms, Lifestyle, Search & Discovery, Enterprise Solution

PEVC Name	Stage of Investment	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Verinvest	Seed, Early Stage	26,000,000	250,000,000	http://verinvest.be/	1995	USA, China, Southeast Asia	E-commerce, Food & Beverages, Health/Medical, Marketing, Media, Mobile, Retail, Software
Vertex Ventures	Seed to Exit, Usually US\$2 million+	1,000,000	10,000,000	www.vertexmgt.com	1988	Singapore	Information Technology, Health Care
Visionnaire Ventures	Seed, Early Stage Venture, and Later Stage	100,000	20,000,000	http://visionnaire.vc/	2013	USA, Singapore, Japan, Global	E-commerce, Consumers, Mobile, Internet of Things, Big Data, Digital Media, Advertising
Vy Capital	Seed, Early Stage, Later Stage	120,000	60,000,000	www.vycapital.com	Unknown	Global	Web Browsers, Enterprise Software, Online Portals
Walden International	Seed, Early Stage	800,000	6,400,000	www.waldenintl.com	1990	Global, Focus on Asia	E-commerce, Consumers, Mobile, Software Development, Telco, Travel
Warburg Pincus	PE, Seed, Early Stage, Later Stage	50,000,000	284,000,000	www.warburgpincus.com	1966	Asia, China, India, Japan, Viet Nam	Software, Biotechnology, E-Commerce
Wavemaker Partners	Seed to Series A	120,000	1,500,000	http://wavemaker.vc/	2012	Singapore, Hong Kong	Mobile, Internet, Software

Source: Compiler's research.

3.3. SOCIAL IMPACT INVESTORS

Social impact investors can be a good source of finance for companies that try to address significant problems in health, education, poverty alleviation, or other social issues. But remember that social impact investors are not philanthropists. They are usually investors looking for ways to make money while pursuing a social good. They are sometimes more flexible in the terms of their investments, reflecting the special needs of social enterprises. They are not always looking to make pure equity investments and may be willing to provide some soft finance. But this is not corporate social responsibility. Pitches to social impact investors should stress the path to profitability as well as the social benefits of the enterprise.

Note that social impact investing is often driven by High-net-worth individuals (HNWIs). The good news is that Asian HNWIs allocate 37.3 percent of their portfolios to social-impact investments, in comparison to the 31.6 percent allocated by HNWIs in the rest of the world.²⁵ The highest portfolio allocations for social impact investment were made by wealthy individuals in Indonesia (45.8 percent), Malaysia (43.6 percent), and China (40.8 percent), according to the *CapGemini Asia-Pacific Wealth Report 2016*.²⁶

²⁵ CapGemini, 2016, *Asia-Pacific Wealth Report 2016*, available at <https://www.worldwealthreport.com/apwr/Social-Impact-Investing-Makes-Gains-in-Asia-Pacific>.

²⁶ Ibid.

Table 3: Social Impact Investor Platforms Operating in ASEAN

Social Impact Organization	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
ARUN	30,000	70,000	www.arunllc.jp/en/	2009	Cambodia, Southeast Asia	Small Farmers, Employment for Women and Students, Marginalized Communities
Anthem Asia	N/A	N/A	www.anthemasia.com	2012	Myanmar	Companies and projects with clear environmental, social and governance objectives in Consumer Goods & Services, Business Services, Tourism & Leisure, Food & Beverage, and Agribusiness
Gandeng Tangan	3.85	3,850	https://gandengtangan.org/	2015	Indonesia	All Social Enterprises
Garden Impact	N/A	N/A	www.gardenimpact.com		Southeast Asia	Agriculture, Health Care, Basic Infrastructure, Clean Energy, and Consumer Services & Products

Social Impact Organization	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
IIX Growth Fund	250,000	5,000,000	https://iixglobal.com/iix-growth-fund/	2009	Bangladesh, Indonesia, Philippines	Climate Change, Women Empowerment in Clean Energy, Climate-Smart Agriculture, Water, Health, Sanitation, Green Technology
Insitor Impact Fund	300,000	1,200,000	www.insitormangement.com/	2001	Mekong Region and Indian subcontinent across India, Viet Nam, Lao PDR, and Myanmar	Poverty Alleviation, Access to Energy
KIVA	10,000	50,000	www.kiva.org	2005	Global	All Social Enterprises
Kinara Indonesia	N/A	N/A	www.kinaraindonesia.com	2011	Indonesia	Early stage investments in Microfinance, Water & Sanitation, Agriculture & Fisheries, Clean Technology, SME Development, Media and Technology
Patamar Capital	500,000	2,000,000	www.patamar.com	N/A	Indonesia, Philippines, Viet Nam, India	Scalable businesses that improve supply chains and create innovative distribution platforms

Social Impact Organization	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Sustainable Finance Collective (SFC) Asia	15,000,000 (Circular Economy and Sustainable Energy) 5,000,000 (Social Impact)	Undisclosed	www.sfc-asia.com/funding	2016	Asia	Circular Economy, Sustainable Energy and Social Impact; all sectors except for Nuclear Power, the Weapons Industry, Coal Mining, Coal-fired Power Plants, and the Tobacco Industry

Source: Compiler's research.

3.4. EQUITY CROWDFUNDING PLATFORMS

Equity crowdfunding is relatively new in this region but it is growing in popularity. It provides entrepreneurs an opportunity to obtain funding through standard mechanisms while offering retail and other investors an opportunity to invest in start-up businesses. Table 4 lists equity crowdfunding platforms that target the Southeast Asian market. Their financial portfolios are varied and include securities and unsecured loans for MSMEs and solo entrepreneurs.

Table 4: Equity Crowdfunding Platforms Operating in ASEAN

Equity Crowdfunder	Category	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Akseleran	Invoice Financing and Employee Unsecured Loans (Partnered Companies only)	N/A	Undisclosed	https://www.akseleran.com/	2016	Indonesia	Consumer, Entertainment, Gaming, Hardware, Music, Social Networking
Alix Global (joint venture with FundedByMe)	Equity Crowdfunding, SME Unsecured Loans, Personal Secured Loans	110	110,000	https://alixglobal.com/	2015	Singapore, Indonesia, Malaysia	Any
Amartha	Micro-Lending	115	1,540	https://amartha.com/	Unavailable	Indonesia	Any
Asiola	Equity Crowdfunding	Undisclosed	Undisclosed	https://asiola.co.th/en	Unavailable	Thailand	Any
Ata Plus	Equity Crowdfunding, SME Unsecured Loans, Personal Secured Loans	75,000	300,000	http://www.ata-plus.com/	2015	Singapore, Indonesia, Malaysia	Any

Equity Crowdfunder	Category	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Crowdo	Equity Crowdfunding, SME Unsecured Loans, Personal Secured Loans	150	150,000	https://www.crowdo.com/	2015	Singapore, Indonesia, Malaysia	Any
CrowdPlus.asia	Equity Crowdfunding, SME Unsecured Loans and Personal Secured Loans	22,000	220,000	https://www.crowdplus.asia/	2015	Southeast Asia, Malaysia, Viet Nam, Hong Kong, Guangzhou	Any
Dreamaker Equity	Equity Crowdfunding	550,000	1,100,000	http://www.dreamakerequity.com/	2015	Thailand	Any
Eureeca	Equity Crowdfunding, SME Unsecured Loans	250,000	1,000,000	https://eureeca.com/	2013	Gulf Cooperation Council, UK, Malaysia, Southeast Asia	Any
First Circle	SME Unsecured Loans	5,000	12,000	https://www.firstcircle.ph/	2015	Philippines	Any
FundedHere	Equity Crowdfunding, SME Unsecured Loans, Short-Term Bonds	3,500	3,500,000	https://www.fundedhere.com/	2015	Indonesia, Singapore	Any

Equity Crowdfunder	Category	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Funding Societies	SME Unsecured Loans	30,000	100,000	https://fundingsocieties.com/ ; https://fundingsocieties.com.my/	2015	Singapore, Indonesia, Malaysia	Any
HuyDong	SME Unsecured Loans, Personal Loans	220	4,500	https://huydong.com	2014	Viet Nam	Any
Investree	SME Unsecured Loans, Personal Loans	450	75,000	https://www.investree.id/	2015	Indonesia	Consumer, Entertainment, Gaming, Hardware, Music, Social Networking
Kapital Boost	SME Unsecured Loans	800	30,000	https://kapitalboost.com/	2015	Indonesia, Malaysia, Singapore	Asset-backed MSMEs
Koinworks	SME Unsecured Loans	7.70	Undisclosed	https://koinworks.com/	2015	Indonesia, Singapore	Any
Mekar	SME Unsecured Loans	75	2,000	https://mekar.id/en/	2013	Indonesia	Consumer, Entertainment, Gaming, Hardware, Music, Social Networking

Equity Crowdfunder	Category	Minimum (US\$)	Maximum (US\$)	Website	Operational Since	Target Geographies	Sectors
Modalku	SME Unsecured Loans	10,000	40,000	https://modalku.co.id/	2016	Indonesia and Singapore	Any
PitchIN	Equity Crowdfunding, SME Unsecured Loans, Personal Secured Loans	1,100	1,100,000	https://equity.pitchin.my/	2015	Malaysia	Any
Phoenixict	Equity Crowdfunding	1,500	15,000	https://www.phoenixict.biz/	2013	Thailand, Singapore	Any

Source: Compiler's research.

3.5. SOURCES OF ADDITIONAL INFORMATION ON MSME FINANCE IN ASEAN

In 2013 the ASEAN Secretariat published its *SME Guidebook Towards the AEC 2015*, which contains extensive information on sources of bank finance in the region. More recently, in September 2017, the ASEAN Business Advisory Council, Oxfam, the ASEAN CSR Network (ACN), and the Asian Venture Philanthropy Network (AVPN) published *Toward Inclusive and Sustainable Growth in the ASEAN Economic Community*.²⁷ The annex of that report has a directory of MSME financing and technical support options with detailed information on financing and technical support arrangements and entities in all 10 ASEAN Member States. These two publications are additional sources of information for MSMEs looking for finance.

²⁷ ASEAN CSR Network, 2017, op. cit., available at http://asean-csr-net-work.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf.

4. THE BUSINESS PLAN & THE PITCH

4.1. THE BUSINESS PLAN

Creating a business plan is a necessary step for any business, but it is especially important for those seeking funding through formal channels. Any seasoned investor will be able to tell if an entrepreneur has taken the time and expended the effort to create one. An MSME seeking capital without first having a well-constructed business plan is like a developer building a skyscraper on foundation of sand. This document is an indispensable, sturdy foundation for MSMEs when soliciting investments because it contains a detailed, comprehensive strategy for business success.

Without guidance and the use of a template, many hopelessly optimistic entrepreneurs will assemble an unrealistic or incomplete business plan. By their very nature, entrepreneurs are confident people who do not always like to think about risks and challenges. In their minds, the demand for their products is infinite and investors should be bending over backwards to provide funding. Though this spirit has its place in business, a business plan must be air-tight and realistic to withstand the scrutiny of investors.

While developing a business plan is often tedious and time consuming, it will yield results beyond just securing capital. It will especially help first-time entrepreneurs do a better job of answering questions they did not even know they had about owning and operating a business. Topics such as the target market, field of competition, capital requirements, and specific risks will all be breached and thought out in the course of developing a solid business plan. A completed plan will also include a timeline and measurable objectives for the business to go out and achieve. All this is essential and impressive to investors.

4.1.1. Business Plan Template

Hundreds of business plan templates are available to entrepreneurs over the Internet. Some are simple outlines, others are interactive templates for developing your ideas. Which one an entrepreneur chooses is less relevant than putting in the effort to systematically think through the company's strategy. It is not the plan document itself that is important, it is the process of systematically outlining the business in a way that can be clearly communicated to others. It will force the entrepreneur to challenge her/his assumptions and strengthen the value proposition of the business. It is a long and painful process but it can save the business from disastrous mistakes in the future.

A business plan usually consists of a narrative and several financial worksheets. The narrative tells the story of your business. The financial worksheets, if well prepared, help investors see that you have planned your operations carefully and have a path toward profitability. One good business plan template for MSMEs is available from the small business nonprofit organization SCORE at this location: <https://www.score.org/resource/business-plan-template-startup-business>. Using this or any template, do not feel compelled to go systematically through the template. Work on sections in an order that is comfortable for you, but do the executive summary last so that what you write there reflects what you have learned while preparing the other sections. Skip any sections that do not apply to your company, but think that through carefully. Make sure that an investor will agree that it is not relevant.

For more details on sample templates concerning business planning, pitch presentation, (SWOT) analysis²⁸, and one-page business plan, see:

http://www.bplans.com/?_ga=2.57179682.945846107.1507708274-879713527.1507708269.

4.2. THE PITCH

A business pitch is the verbalization of the business plan. It is the beginning of negotiations between the entrepreneur seeking funding and the potential investors who will provide it. Though some businesses attempt to substitute the pitch for a business plan, that is a mistake. Complete the business plan first and then use it to develop your pitch. Your goal is to distill the most critical aspects of the written business plan into a convincing verbal sales pitch.

4.2.1. Pitch Preparation

When deciding which aspects of your business plan to emphasize in a pitch, consider envisioning your business on a sliding scale. At one end of the sliding scale is an idea. Ideas, taken alone, are essentially worthless and will not convince any investor to invest. At the other end of the scale is a successful company that can generate significant cash flow on a regular basis. This business is exactly what investors are looking for; it is also what will hopefully transpire from your idea, initiative, and hard work. The essential role of a MSME proprietor in a pitch, therefore, is to convince the investor that the business is quickly moving toward the right end of this scale.

²⁸ SWOT stands for strengths, weaknesses, opportunities, and threats. A SWOT analysis is an organized list of your business's greatest strengths, weaknesses, opportunities, and threats. For more information, please refer to <https://articles.bplans.com/how-to-perform-swot-analysis/>.

Pitches must not just distill your business plan, they must also be targeted at the person on the other side of the table. The first thing that an entrepreneur must do is be sure that the potential investor is at least potentially a good fit for her/his business. To do this, it is best to review your potential target investor's portfolio of investments to see if your business fits with the focus, interest, and competencies of the investor. Is your business in the investor's preferred sector? Their preferred business type (e.g., business to business [B2B] or business to consumer [B2C])? Is the amount of money you are looking for appropriate for this investor? Is your expected growth path likely to meet the investor's objectives? Does the investor generally fund businesses at your stage of development?

If the answer to the questions above is yes, the next step is to ensure that your pitch is designed to be as effective as possible with that particular potential investor. This does not mean changing your business plan, but you do have to carefully think about how to pitch your business in a way that matches what you have learned about the investor.

4.2.2. Designing the Pitch

An investor will expect you to begin the pitch by explicitly stating what you hope to achieve from the meeting. An impressive opening will therefore include specific figures on how much capital you need and how much equity (ownership) you are willing to cede according to your valuation. Alternatively, if you are seeking debt financing (i.e., a traditional loan), this is an opportunity to make clear your expectations about the terms of the loan. After that opening, the entrepreneur should cover the rest of his or her pitch material and conclude with a question and answer session.

Pitches should present a lot of information in as few words as possible. This is usually best achieved through a slide presentation. Sequoia, a major venture capital firm, suggests that pitches be organized as follows:²⁹

Company purpose: Define your company in a single declarative sentence. This is harder than it looks. It is easy to get caught up listing features instead of communicating your mission.

Problem: Describe what your customer is looking for. How is this addressed today and what are the shortcomings in that approach?

²⁹ Sequoia Capital, "Writing a Business Plan," available at <https://www.sequoiacap.com/article/writing-a-business-plan/>.

Solution: Explain how you found your solution that meets the customer's need. Why is your value proposition unique and compelling? Why will it endure? And where does it go from here?

Why now? The best companies almost always have a clear answer as to why their solution works. Why hasn't your solution been built before now?

Market potential: Identify your customer and your market. Some of the best companies invent their own markets.

Competition/alternatives: Who are your direct and indirect competitors? Show that you have a plan to win.

Business model: How do you intend to thrive?

Team: Tell the story of your founders and key team members.

Financials: Include key information from your business plan financial statements.

Vision: If all goes well, what will you have built in 5 years?

4.2.3. Preparing for Questions

Presenting your pitch is important but how you handle the questions that will be thrown your way is also critical. The following text box includes a good set of questions that you should be prepared to answer.

Company Questions :

- What is the history of the company? When did you start operating?
- Why did you create this company?
- How did you meet/find your team members? Why are you/the team the right people to execute this business?
- What is your target market size? What is your projected market penetration in year three?
- What is your traction to date? MVP done? User/revenue growth? Key milestones met?
- Why will you fail? What are your biggest challenges to succeed?
- Why will you succeed? What are your unique/unfair/sustainable competitive advantages?
- Are you a starter or finisher?

- Show me how you achieve the magic ratio. (This is represented by the formula: Lifetime value of customer/Cost to acquire and maintain a customer, i.e. LTV/CAC > 1)

Capital Raising Questions :

- What is the capital raising history of the company? How much have you raised and on what terms?
- When did you start raising this round? What investors have hard committed versus soft committed?
- Have you invested any of your own money?
- Are your advisors or board members investing?
- What is your valuation? Terms?
- How much cash is in the bank? What is your monthly burn rate (expenses not covered by operating cash flow from revenues)?
- What is your runway (how many months you have before you run out of cash) given cash in the bank and after this next round? When will you expect to be profitable?
- What are your uses of proceeds (i.e., how are you planning to spend the capital)? What are your expected results/milestones? How will these accelerate the growth and sales of the company? What does the return on investment look like, based on past performance numbers?
- Who (which PEVC firm or partners) will be funding the next round, e.g. Series A or B? What hurdles need to be cleared to get next funding (e.g., hurdles in research and development, tech, sales, revenue, or sequential quarterly growth).

J. Skyler Fernandes, “The ‘Best’ Start-Up Pitch Deck & How to Present to Investors,” available at https://www.slideshare.net/Sky7777/the-best-startup-pitch-deck-how-to-present-to-angels-v-cs_

5. ASEAN PROGRAMMES TO ASSIST MSMEs

5.1. ASEAN COORDINATING COMMITTEE ON MICRO, SMALL AND MEDIUM ENTERPRISES (ACCMSME)

The ACCMSME (formerly known as the ASEAN SME Agencies Working Group or SMEWG) is the ASEAN body responsible for developing and promoting MSMEs. Among other things, it: (1) formulates policies, programs, and activities addressing MSME development; (2) serves as a consultative and coordination forum for MSME cooperation among AMSs, as well as with ASEAN dialogue partners; and (3) works with private sector entities and other stakeholders to support MSME work in ASEAN. The group's SME Advisory Board is made up of representatives of SME agencies and the private sector, and it works to enhance public-private collaboration on MSME activities. ACCMSME's work is supported by, among other donors, the Japan-ASEAN Integration Fund, the Organization for Economic Cooperation and Development (OECD), and USAID.³⁰

In 2014, the SMEWG developed the 10-year *ASEAN Strategic Action Plan for SME Development 2016-2025* (SAP SMED 2016-2025) under the post-2015 ASEAN vision.^{31/32} Launched on the sidelines of the 27th ASEAN Summit in November 2015, the SAP SMED 2016–2025 outlines concrete policy objectives to enable regional SMEs to better compete on the global stage. The priority for the first 5 years (2016-2020) is to seamlessly integrate SMEs with the ASEAN Economic Community (AEC) and the regional value chains. From 2021 through 2025, the priority will be for ASEAN SMEs to become globally competitive, innovative, inclusive, and resilient. Throughout its lifespan, the plan's overarching five goals are to promote productivity, technology, and innovation; increase access to finance; enhance market access and internationalization; enhance policy and regulatory environment; and promote entrepreneurship and human capital development.³³

³⁰ See, ASEAN, "Overview: SME Developments in ASEAN," available at <http://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/small-and-medium-enterprises/>.

³¹ ASEAN, 2014, "Nay Pyi Taw Declaration on the ASEAN Community's Post-2015 Vision", available at [http://www.asean.org/wp-content/uploads/images/pdf/2014_upload/Nay Pyi Taw Declaration on the ASEAN Communitys Post 2015 Vision w.annex.pdf](http://www.asean.org/wp-content/uploads/images/pdf/2014_upload/Nay_Pyi_Taw_Declaration_on_the_ASEAN_Communitys_Post_2015_Vision_w.annex.pdf).

³² ASEAN, 2015, *ASEAN Strategic Action Plan for SME Development*, available at [http://www.asean.org/wp-content/uploads/images/2015/November/ASEAN-SAP-SMED-2016-2025/SAP SMED - Final.pdf](http://www.asean.org/wp-content/uploads/images/2015/November/ASEAN-SAP-SMED-2016-2025/SAP_SMED_Final.pdf).

³³ Ibid.

ASEAN, through the ACCMSME, has established the ASEAN SME Service Centre which is an online platform to provide services to ASEAN SMEs and to create connection between SMEs and SME service providers.³⁴ The portal can be accessed at <http://www.aseansme.org/home>. In addition, the US-ASEAN Business Alliance for Competitive SMEs (Business Alliance), a three-year partnership launched by the USAID and the U.S.-ASEAN Business Council (US-ABC) in March 2014, has launched an open-access, online training tool called the ASEAN SME Academy (Academy). The core of the Academy is some 52 training courses for SMEs from Fortune 500 companies and international organizations. Furthermore, the Academy contains about 350 web-links to provide business information relevant to the regional SMEs, and access to a curated directory of service providers to whom SMEs can reach out for financial advice, corporate programs and networking.³⁵ In addition, a series of training of Academy Facilitators have been conducted in seven ASEAN Member States. These Facilitators will provide training on access and utilization of the Academy to the SMEs within their circles and networks of contacts. The training materials have also been translated to the local languages to maximize absorption and dissemination.

5.2. ASEAN BUSINESS ADVISORY COUNCIL (ASEAN-BAC)

The private sector is a key stakeholder in ASEAN integration. ASEAN leaders understand this and the *ASEAN Economic Community Blueprint 2025* (AEC 2025) specifically recognizes that increased and more effective participation by the private sector will help achieve ASEAN's goals. As explained in the blueprint, private sector inputs and partnerships are critical not only in designing regional strategies and initiatives, but also for addressing obstacles to deeper regional economic integration. To that end, the blueprint stresses that work must be done to engage the business sector and community-based organizations more effectively, to both improve access to official information on policy implementation and also ensure timely private sector and community feedback on policies.³⁶

The ASEAN Business Advisory Council (ASEAN-BAC) is a key component of ASEAN's efforts in this regard. ASEAN-BAC was formed and launched in April 2003 in response to a decision by ASEAN leaders at the 7th ASEAN Summit. Its mandate is to "provide private sector feedback and guidance to boost ASEAN's efforts in economic integration" as well as to identify potential priority areas

³⁴ <http://fokus-umkm.com/progress-asean-sme-service-center-sme-portal/>.

³⁵ The ASEAN SME Academy factsheet

³⁶ ASEAN, 2015a, op. cit., available at <http://www.asean.org/storage/images/2015/November/aec-page/AEC-Blueprint-2025-FINAL.pdf>.

and issues.³⁷ ASEAN-BAC’s work focuses on reviewing policies and identifying issues to facilitate and strengthen economic cooperation and integration in the region. The group submits recommendations annually for consideration by the ASEAN leaders and economic ministers.³⁸

Organizationally, ASEAN-BAC serves as the coordinating private sector body for a myriad business councils and entities, including nine ASEAN + 1 business councils as well as 66 business entities. ASEAN-BAC leads in “coordinating inputs from established business councils and entities in those bodies’ interactions with various ASEAN sectoral groups.”³⁹ Its work is organized around committees, including a committee on MSMEs that promotes policies to expand opportunities for MSMEs in the region.

5.3. NATIONAL PROGRAMS

This section summarizes national programs to promote MSME development in the region and identifies relevant agencies that have been established to support MSMEs.

5.3.1. Brunei Darussalam

MSMEs account for about 98.5 percent of enterprises in Brunei Darussalam and more than 60 percent of the private sector workforce.⁴⁰ Government institutions are providing support to MSMEs in an effort to reduce reliance on the oil and gas sector, which has accounted for approximately 58 percent of GDP and 95 percent of exports in recent years.⁴¹ This focus on broader development is set out in the 30-year National Long-Term Plan, the *Wawasan Brunei 2035* or *Brunei Vision 2035* published in 2007.

The government’s policy directions on MSME include (1) establishing an MSME focal agency, Darussalam Enterprise (DARE), in February 2016; (2) introducing well-designed and well-funded programs and more effective ways of financing local enterprises to help local MSMEs and entrepreneurs gain business skills and become more competitive; (3) developing incubation centers to assist and promote local MSMEs and entrepreneurs in areas such as

³⁷ ASEAN-BAC, “About ASEAN-BAC,” webpage, available at <http://www.asean-bac.org/asean-bac>.

³⁸ ASEAN CSR Network, 2017, op. cit., p. 3, available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf.

³⁹ ASEAN, 2015a, ASEAN Economic Community Blueprint 2025, op. cit., p. 32, available at <http://www.asean.org/storage/images/2015/November/aec-page/AEC-Blueprint-2025-FINAL.pdf>.

⁴⁰ ASEAN CSR Network, 2017, op. cit., p. 22.

⁴¹ Statistics in this paragraph provided by the Government of Brunei Darussalam.

information and communications technology (ICT); (4) maximizing the indirect benefits of foreign direct investments for local MSMEs and entrepreneurs; (5) encouraging the use of local products, local suppliers, and contractors by major businesses and industries; (6) privatizing, commercializing, and outsourcing government services as a way of expanding opportunities for local MSMEs and entrepreneurs; (7) reducing the cost of doing business for local MSMEs and entrepreneurs by simplifying government procedures; and (8) ensuring prompt government decisions and payment to local contractors and suppliers.

As the MSME focal agency, DARE supports local firms from start-up on up. DARE embodies “a common and unified approach to direct, support, and encourage the growth of local enterprises under a single body represented and driven by the private sector.”⁴²

DARE programs offer assistance schemes and capacity-building programs to support local enterprises at various levels. These programs include the Industry Business Academy, three boot camp programs (a start-up boot camp, an e-commerce boot camp, and a microbusiness boot camp), an incubation center for start-ups (the iCentre), a knowledge hub platform to develop multimedia industry, and the Microcredit Financing Scheme. More information on these programs can be found at: <http://www.dare.gov.bn/SitePages/Home.aspx>.

The work of DARE is supplemented by the efforts of the banking sector to expand finance for MSMEs. Key players are Baiduri Bank, one of the largest providers of financial services to MSMEs in Brunei Darussalam, and Bank Islam Brunei Darussalam, which offers a variety financing schemes to SMEs.⁴³ For more information, please log on to <https://www.baiduri.com.bn/> and <http://www.bibd.com.bn/personal/>. The government of Brunei Darussalam has also announced its plan to establish an SME bank, which is anticipated to be fully operative in the fourth quarter of 2017. The bank is being designed to provide competitive financing to MSMEs in a sustainable manner.⁴⁴ The Brunei Economic Development Board is also working with foreign and domestic investors to develop new economic opportunities by attracting investment and strengthening local businesses enabled through research and innovation hence creating spin-off opportunities for local businesses.⁴⁵

⁴² DARE, website homepage, “About Us” tab, available at <http://www.dare.gov.bn/SitePages/Home.aspx>.

⁴³ ASEAN CSR Network, 2017, op. cit., available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf

⁴⁴ Aziz Idris, “SME Bank Set to be a Game-Changer,” *Borneo Bulletin*, March 9, 2017, available at <https://borneobulletin.com.bn/sme-bank-set-game-changer/>.

⁴⁵ <http://www.asean-sme-academy.org/resource/brunei-economic-development-board-bedb-2/>

5.3.2. Cambodia

In 2011, Cambodia had more than 500,000 SMEs, constituting 99 percent of all businesses. SMEs employ 1.67 million people.⁴⁶ A core part of Royal Government of Cambodia's "*Rectangular Strategy*" for Growth, Employment, Equity and Efficiency Phase III (from 2013) is the promotion of SMEs through an improved "regulatory framework, promotion of innovation and technology, increased access to finance, strengthened and expanded related support services, and integration of SMEs into global value chains."⁴⁷ The strategy calls for updating the SMEs Development Framework to enhance the ability of SMEs to link with large enterprises "while promoting entrepreneurship, productivity, creativity, innovation, and specialization through the introduction and implementation of a comprehensive package of supporting measures including clustering, enhanced technology transfer, increased access to finance, strengthened technical standards, and the establishment of business development counseling centers" among other measures.⁴⁸

Support for MSMEs in Cambodia comes from the Ministry of Industry and Handicraft, General Department of SMEs and Handicraft. More information can be found at <http://www.mih.gov.kh>. In addition, a Business Information Centre (BIC) was launched in August 2017 to facilitate and expedite the start-up process for new businesses and private sector growth in Cambodia. The BIC will serve as an open platform for MSMEs to obtain up-to-date information, particularly in legal-related areas such as registration and licensing, and business operations. It will have guides and toolkits, a database of financial support services, tailored industry market insights, business matching, training information, job listings and SME event calendar. The BIC was established by the Young Entrepreneurs Association of Cambodia (YEAC) in collaboration with the Cambodia Women Entrepreneurs Association (CWEA), and the Cambodia Chamber of Commerce. It received technical support from the Asian Development Bank (ADB) and the Australian government-supported Mekong Business Initiative (MBI).⁴⁹ More information on this one-stop resource platform can be accessed at <https://www.bizinfo.center/>.

⁴⁶ Hor Kimsay, "SME Policy to Roll Out in 2015," *Phnom Penh Post*, December 17, 2014, available at <http://www.phnompenhpost.com/business/sme-policy-roll-out-2015>.

⁴⁷ Royal Government of Cambodia, "*Rectangular Strategy*" for Growth, Employment, Equity and Efficiency Phase III, 2013, para. 99, available at http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---sro-bangkok/documents/genericdocument/wcms_237910.pdf.

⁴⁸ *Ibid.*, para. 103(3).

⁴⁹ <http://www.khmertimeskh.com/5076591/information-centre-launched-smes/>

5.3.3. Indonesia

According to the Ministry of Cooperatives and SMEs, Indonesia had 57.9 million SMEs in 2014. The SME sector contributed around 58.9 percent of the country's GDP and absorbed 97.3 percent of the country's workforce.⁵⁰ The nation's current MSME development strategy is guided by the *Master Plan for Acceleration and Expansion of Indonesia Economic Development 2011-2025* (MP3EI). Key measures for supporting SMEs include "(1) revitalizing PUSPIPTEK [Pusat Penelitian Ilmu Pengetahuan dan Teknologi] as a science and technology park to foster innovation-based SMEs; (2) evaluating the level of local content and guidance for domestic industries, including for SMEs; (3) increasing business partnerships between industry, cooperatives and SMEs to promote higher productivity in cocoa production; (4) providing technical assistance to SMEs in fishery and PNPB Mandiri [Program Nasional Pemberdayaan Masyarakat Mandiri] microcredit schemes through fishing cooperatives; and (5) deregulation of SME credit provision and microcredit institutions."⁵¹

The Ministry of Cooperatives and SMEs is tasked with implementing and coordinating policies and support programs for SMEs in the country. Information about the Ministry can be found at: <http://www.depkop.go.id>. As part of this effort, it has created the Small and Medium Enterprise and Cooperatives (SMESCO) agency to support efforts by MSMEs and cooperatives to market their products.⁵² More information on SMESCO can be found at: <https://smescoindonesia.com/>.

5.3.4. Lao PDR

SMEs are one of the main contributors to economic growth in Lao PDR, accounting for 99.8 percent of the 124,873 companies in the country according to the Department of SME Promotion. Together, the SME accounted for a total of 83 percent of all jobs and most of Lao PDR's average annual GDP growth of 8 percent in the years leading up to 2013.⁵³

⁵⁰ Global Business Guide Indonesia. "Why Indonesia: Indonesia SMEs Increased Government Support to Overcome Challenges," 2016, available at http://www.gbgingonesia.com/en/main/why_indonesia/2016/indonesia_smes_increased_government_support_to_overcome_challenges_11603.php

⁵¹ ASEAN CSR Network, 2017, op. cit., available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf. The MP3EI is available at <https://www.bappenas.go.id/id/berita-dan-siaran-pers/kegiatan-utama/master-plan-percepatan-dan-perluasan-pembangunan-ekonomi-indonesia-mp3ei-2011-2025/>.

⁵² SMESCO Indonesia, website homepage, available at <https://smescoindonesia.com/>.

⁵³ GIZ Office Laos, 2014, "SME in Laos," factsheet, June, available at <https://www.giz.de/en/downloads/giz2014-en-sme-laos.pdf>.

The Lao PDR government policy on SME development was set out in the 2004 Prime Minister's Decree No. 42/PM.⁵⁴ The stated goals sought to: "(1) improve the regulatory environment; (2) enhance the competitiveness of small business establishments; (3) expand domestic and international market access; (4) improve access to finance; (5) encourage the development of business organization; and (6) enhance entrepreneurial attitudes and characteristics within the society."⁵⁵ This was followed in 2011 with the passage of the *Law on SME Promotion, No. 11/NA*.⁵⁶

The 8th Five-Year National Socio-Economic Development Plan 2016-2020 (8th NSEDP) reflects the *National Strategy on Socio-Economic Development 2025* and *Vision 2030* with the goal of building a new foundation to graduate from LDC status by 2020 and become an upper-middle-income country by 2030.⁵⁷ Endorsed by the Prime Minister, the SME Development Plan 2016-2020 includes the following policies to promote and develop SMEs: (1) promoting productivity, technology, and innovation; (2) enhancing access to finance; (3) increasing access to business development services; (4) enhancing SME accession to expanding domestic and international markets; (5) creating and fostering entrepreneurs; (6) developing an enabling environment for establishing and operating SMEs; and (7) policy on customs-taxation and finance.⁵⁸

The SME agency in Lao PDR is the Department of SME Promotion (DOSMEP), formerly known as the SME Promotion and Development Office (SMEPDO). Information about the agency can be found at: <http://www.smepdo.org/?lang=en>. Through its joint efforts with the Lao National Chamber of Commerce and Industry (LNCCI) and supported by the Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED) project of Lao-German Development Cooperation, DOSMEP and

⁵⁴ Lao PDR Prime Minister's Office, 2004, "Decree on the Promotion and Development of Small and Medium Enterprises," Decree No. 42/PM, April 20, 2004, available at <http://laohotelassociation.org/download.php?file=4.%20Small%20Medium%20Enterprises-ENG%20Decree%2042-PM%20SME.pdf>.

⁵⁵ P. Kyophilavong, 2008, 'SME Development in Lao PDR', in Lim, H. (ed.), *SMEs in Asia and Globalization*, ERIA Research Project Report 2007-5, p.195, available at http://www.eria.org/SMEs_Development_in_Lao_PDR.pdf.

⁵⁶ Lao PDR National Assembly, 2011, *Law on SME Promotion, No. 11/NA*, December 21, available at http://www.laoofficialgazette.gov.la/kcfinder/upload/files/Law_on_the_Promotion_of_Small_and_Medium_Sized_Enterprises.pdf.

⁵⁷ Ministry of Planning and Investment, 2016, 8th Five-Year National Socio-Economic Development Plan (2016-2020), available at https://policy.asiapacificenergy.org/sites/default/files/8th_NSEDP_2016-2020.pdf.

⁵⁸ The policy areas were directly provided by the Lao PDR focal point at ACCMSME.

LNCCI established the first ever SME Service Center (SSC) in February 2017.⁵⁹ The SSC aims at improving the environment for SMEs to do business in Laos as well as improving their access to markets.⁶⁰

5.3.5. Malaysia

According to the Economic Census of 2016, there were 907,065 SMEs in Malaysia, accounting for 98.5 percent of business establishments, and of which 20.6 percent were owned by women.⁶¹ Current policy documents on SME development include the *SME Masterplan 2012-2020*⁶² and the *Eleventh Malaysia Plan 2016-2020*.⁶³

The *SME Masterplan 2012-2020* outlines 32 initiatives to achieve the plan's goals: (1) six High Impact Programs (HIP) (refer to table below); (2) 14 initiatives under four thematic areas to create demand, resource pooling, reduce information asymmetry, and build capacity and capability; and (3) macroeconomic measures, such as trade facilitation system, bank-ruptcy law, taxation, and foreign worker policy.⁶⁴

⁵⁹ More information on the SME Service Center can be found at <https://www.facebook.com/%E0%BA%AA%E0%BA%B9%E0%BA%99%E0%BA%9A%E0%BB%8D%E0%BA%A5%E0%BA%B4%E0%BA%81%E0%BA%B2%E0%BA%99%E0%BA%A7%E0%BA%B4%E0%BA%AA%E0%BA%B2%E0%BA%AB%E0%BA%B0%E0%BA%81%E0%BA%B4%E0%BA%94%E0%BA%82%E0%BA%B0%E0%BB%9C%E0%BA%B2%E0%BA%94%E0%BA%99%E0%BB%89%E0%BA%AD%E0%BA%8D-%E0%BB%81%E0%BA%A5%E0%BA%B0-%E0%BA%81-%E0%BA%B2%E0%BA%87-SME-Service-Center-1966812306882425/?nr>

⁶⁰ <http://annx.asianews.network/content/sme-service-centre-promote-regional-business-integration-laos-39633>

⁶¹ SME Corp. Malaysia, "SMEs are the Backbone of the Economy," available at <http://www.smecorp.gov.my/index.php/en/policies/2015-12-21-09-09-49/sme-statistics>

⁶² SME Corp. Malaysia, 2012, *SME Masterplan 2012-2020*, available at <http://www.smecorp.gov.my/index.php/en/resources/2015-12-21-11-07-06/sme-masterplan>.

⁶³ Government of Malaysia, Economic Planning Unit, Prime Minister's Department, 2015, *Eleventh Malaysia Plan 2016-2020: Anchoring Growth on People*, Jakarta, May, available at <http://www.epu.gov.my/en/rmk/eleventh-malaysia-plan-2016-2020>.

⁶⁴ SME Corp. Malaysia, "About SME Masterplan (2012-2020)," available at <http://www.smecorp.gov.my/index.php/en/policies/2015-12-21-09-16-12/about-sme-masterplan>.

HIP 1: Integration of Business Registration and Licensing	HIP 2: Technology Commercialization Platform	HIP 3: SME Investment Partner
Create a single registration point through interfacing of the current National Business Registration System (i.e. MyCoID) and the National Business Licensing System (i.e. BLESS).	Establish a national network of privately-managed platform[s] to promote innovative ideas from proof of concept to the commercialization stage.	Provide early stage financing through the establishment of investment companies to invest in potential SMEs in the form debt, equity, or a hybrid of both.
HIP 4: Going Export Program	HIP 5: Catalyst Program	HIP 6: Inclusive Innovation
Offer customized assistance to new exporters and SMEs venturing into new markets. Export-ready SMEs can avail [themselves of] comprehensive support assistance.	Create home-grown champions through a targeted approach with support in the areas of financing, market access, and human capital development.	Empower the bottom 40% of the income group to leverage innovation through the transformation of rural communit[ies] through [a] hand-holding approach

Source: SME Corp, “About SME Masterplan (2012-2020),” available at <http://www.smecorp.gov.my/index.php/en/policies/2015-12-21-09-16-12/about-sme-masterplan>.

SME Corporation Malaysia (SME Corp. Malaysia) serves as a central coordinating agency under the Ministry of International Trade and Industry Malaysia to formulate overall policies and strategies, and to coordinate the implementation of government SME development programs. It also provides advisory services for SMEs in Malaysia, and assumes the role of the Secretariat to the National SME Development Council, which is chaired by the Prime Minister of Malaysia.⁶⁵

SME Corp. Malaysia offers numerous programs supporting SME development. These programs include brand development, financing schemes, outreach activities, capacity building, innovation and technology adoption, human capital development, infrastructure development and upgrading, as well as recognition and awards, among other matters. Further details on available assistance programs and initiatives can be found at: <http://www.smecorp.gov.my/index.php/en/>. One of such initiative from the SME Corp. Malaysia is an information

⁶⁵ SME Corp. Malaysia, “About SME Corp. Malaysia,” webpage, available at <http://www.smecorp.gov.my/index.php/en/about/2015-12-21-08-49-11/about-sme-corp-malaysia>.

center for SMEs called SME Hub (formerly known as One Referral Centre (ORC)). However, this center is not limited to programs that are implemented by SME Corp., but also provides information on programs under various other organizations and government agencies, such as Suruhanjaya Syarikat Malaysia (SSM), Majlis Amanah Rakyat (MARA), Bank Negara Malaysia/Central Bank of Malaysia (BNM), Telekom Malaysia and POS Malaysia. SME Hub is the platform for SMEs and entrepreneurs to acquire knowledge, learn business best practices, and obtain essential information on business startup, market access, human capital development, financial resources, industry know-how, and many various other business aspects. The information provided can be accessed both online and offline. In addition, to ensure that this initiative covers SMEs in the rural areas, the SME Hub-On Wheels was developed.⁶⁶ More information on the SME Hub can be found at: <http://www.smecorp.gov.my/index.php/en/about/2015-12-21-08-40-32/orc>.

5.3.6. Myanmar

In 2015, there were 39,062 companies registered as SMEs with the Central Department of SMEs of Myanmar; this represented over 87 percent of all enterprises. However, these data do not reflect all MSMEs as companies can register with other government departments and agencies.⁶⁷

The 2015 *Small and Medium Enterprise Law* sets out the SME-related support responsibilities of various parts of the government.⁶⁸ The Small and Medium Enterprise Development Policy that was issued in the same year seeks to create “regionally innovative and competitive SMEs across all sectors that enhance income generation and contribute to the social-economic development [m]ission.”⁶⁹ The policy’s mission goals are: “(a) to reduce difficulties and constraints faced for business start-up; (b) to [the] free flow of capital; (c) to enhance entrepreneurship through training and awareness; (d) to enhance [the] information network and dissemination of information; and (e) to have smooth business operation.”⁷⁰

⁶⁶ <http://www.smecorp.gov.my/index.php/en/about/2015-12-21-08-40-32/orc>

⁶⁷ ASEAN CSR Network, 2017, op. cit., p. 27, available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf.

⁶⁸ Ibid, p. 28.

⁶⁹ Republic of the Union of Myanmar, 2015, *Small and Medium Enterprise Development Policy*, Chapter 2, para. 4, available at https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0ahUKEwi-y7z8xbLXAhVSwWMKHR0xAO0QFggmMAA&url=http%3A%2F%2Fwww.industry.gov.mm%2Fen%2Fdownload%2Ffile%2Ffid%2F338&usg=AOvVaw0qv3pW_PNIrOf2z8GtYeGR.

⁷⁰ Ibid, Chapter 2, para. 6.

Policy support activities include the following: (1) human resource support; (2) technology development and innovation; (3) financing resource development; (4) infrastructure support; (5) market access promotion; (6) promulgation of appropriate taxation and procedures; and (7) creating a conducive business environment.⁷¹

In 2013, the Central Committee for Development of SMEs was established under the Ministry of Industry to foster the development of and offer guidance to SMEs. The SMEs Development Department under the Ministry of Industry is the current ACCMSME focal point in Myanmar. More information on their work programs and activities can be found at: <http://www.smedevelopmentagency.gov.mm/index.php/us/>.

5.3.7. Philippines

There were 900,914 establishments in the Philippines in 2015, of which 896,839 or over 99 percent were MSMEs. Those establishments generated 4,784,870 jobs (over 61 percent of total employment), nearly half of which came from microenterprises.⁷²

National support system for SMEs in the Philippines has been guided by the *Magna Carta for MSMEs*, a landmark piece of legislation enacted in 1991. Further amended in 2008, the law promotes “the Filipino entrepreneurial spirit by providing a business environment conducive for MSMEs.”⁷³ Among other provisions, it mandates that all financial institutions allocate 10 percent of their loan portfolio for SMEs (8 percent for micro and small enterprises and 2 percent for medium enterprises).⁷⁴

In 2011, the government released the *Micro, Small and Medium Enterprise Development Plan for 2011 to 2016* that seeks to address the key challenges and constraints that prevent the MSME sector from achieving its full potential and that also lays out a more harmonized approach to MSME development. Developed in close consultation with national, regional, and provincial stakeholders, the

⁷¹ Ibid, Chapter 2, para. 5.

⁷² Department of Trade and Industry, “2015 MSME Statistics,” available at <http://www.dti.gov.ph/dti/index.php/2014-04-02-03-40-26/news-room/179-workshop-on-market-access-for-smes-set>.

⁷³ Department of Trade and Industry, “MSME Laws and Incentives,” available at <http://www.dti.gov.ph/businesses/msmes/msme-resources/msme-laws>. The full texts of the underlying laws are included in a related primer (RA 9501), which is available on the referenced webpage.

⁷⁴ Bangko Sentral ng Pilipinas, Circular No. 625, Series of 2008, Subject: Magna Carta for Micro, Small and Medium Enterprises, available at <http://www.bsp.gov.ph/regulations/regulations.as?type=1&id=2227>.

plan identifies four outcome portfolios: business enabling environment, access to financing, access to markets, and enhanced productivity and efficiency.⁷⁵

In line with the *Philippine Development Plan 2017-2022*,⁷⁶ the Department of Trade and Industry (DTI) is drafting its *MSME Development Plan 2017-2022*.⁷⁷ DTI has organized programs and projects for MSMEs throughout recent years; the three strategic programs scheduled for implementation in 2017 are the Brand Equity Development Program, the Industry Cluster Enhancement Program, and the Kapatid Mentor Micro Entrepreneurs Program.⁷⁸

DTI takes the lead on promoting MSMEs in the Philippines. Details on DTI programs and projects can be found at <http://www.dti.gov.ph/programs-projects>. The most significant for MSMEs are the Negosyo Centers. To find a Center near you go to https://www.google.com/maps/d/viewer?mid=150f1j4PO_KNtGY_rY7vYTTYkHkU&ll=13.770469483716559%2C119.89728090624999&z=7.

5.3.8. Singapore

In 2016, there were approximately 180,000 SMEs in Singapore, accounting for 99 percent of all enterprises. SMEs employed 70 percent of the workforce and contributed almost half of the country's GDP.⁷⁹

In February 2017, the Committee on the Future Economy proposed seven key strategies to promote the development of Singapore. SMEs are addressed in Strategy 3 (strengthen enterprise capabilities to innovate and scale up), Strategy 4 (build strong digital capabilities), and Strategy 7 (partner each other to enable innovation and growth).⁸⁰ Strategy 3 includes recommendations in three action areas: (1) strengthening Singapore's innovation ecosystem; (2) supporting the scaling-up of enterprises; and (3) catalyzing the private sector to provide more

⁷⁵ MSME Council, *Micro, Small and Medium Enterprise Development Plan for 2011 to 2016*, available at <http://www.philexport.ph/web/philexp/phil-initiatives>.

⁷⁶ National Economic Development Authority, 2017, *Philippine Development Plan 2017-2022*, available at <http://www.neda.gov.ph/2017/07/26/philippine-development-plan-2017-2022/>.

⁷⁷ Victor Anthony V. Silva, "DTI to Roll Out Improved MSME Dev't Plan in Jan.," *Cebu Daily News*, October 9, 2016, available at <http://cebudailynews.inquirer.net/107922/dti-to-roll-out-improved-msme-devt-plan-in-jan>.

⁷⁸ DTI, "DTI Announces New MSME Programs for 2017," available at <http://www.dti.gov.ph/archives/68-main-content/region03-news/10151-dti-announces-new-msme-programs-for-2017>.

⁷⁹ SPRING Singapore, 2016, "Grow Your Business," brochure, available at https://www.spring.gov.sg/Resources/Documents/Corp_Marketing_Brochure_Eng.pdf.

⁸⁰ ASEAN CSR Network, 2017, op. cit., available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf.

growth capital.⁸¹ Strategy 4 also calls for action to “help small and medium enterprises adopt digital technology.”⁸² SMEs also stand to benefit from the recommendation in Strategy 7 to “create a regulatory environment to support innovation and risk-taking.”⁸³ SPRING Singapore (under the Ministry of Trade and Industry) is the SME support agency in Singapore. SPRING Singapore has developed numerous programs and schemes for nurturing start-ups and helping SMEs grow their business by partnering with private sector investors, such as loan and grant schemes. To encourage angel investors to invest in start-ups, the Singapore government has put in place the Angel Investors Tax Deduction Scheme since 2010. More information on the programs offered by SPRING Singapore can be accessed at <https://www.spring.gov.sg/Pages/Home.aspx>.

SPRING Singapore has set up the SME Portal (formerly known as the Enterprise One Portal) which provides SME owners and aspiring entrepreneurs with information, tools and services that can help them start, build and expand sustainable and competitive businesses. The Portal was developed in collaboration with SPRING Singapore, other government agencies and over 30 industry partners. It now offers useful information and services from public-sector and commercial entities for SMEs at various development stages – such as assistance schemes, industry insights and business solutions. The Portal is also an access point to key government e-services such as GeBiz Alerts and other commercial resources.⁸⁴ More information on the SME Portal can be found at <https://www.smeportal.sg/content/smeportal/en/home.html>. Notably as well, the SME Portal is linked up with a network of 12 SME Centres, introduced in 2013, to provide a comprehensive range of free business advice and other services, and streamlined access to government assistance schemes to SMEs.⁸⁵ Since 2017, SMEs can also approach business advisors at the SME Centres for advice on off-the-shelf technology solutions which will benefit SMEs, including digital ordering and payment solutions, and supply chain optimization tools. The SME Centres will also collaborate with industry partners such as trade associations and chambers to conduct tailored workshops to meet the needs of SMEs.⁸⁶ The locations of the SME Centres can be found via <https://www.smeportal.sg/content/sme-centre/en/locate-sme-centres.html>.

⁸¹ Committee on the Future Economy, 2017, *Report of the Committee on the Future Economy*, p. 8, available at https://www.gov.sg/~media/cfe/downloads/cfe_report.pdf?la=en.

⁸² Ibid, p. 9.

⁸³ Ibid, p. 13.

⁸⁴ <https://www.smeportal.sg/content/smeportal/en/header/about.html>

⁸⁵ <https://www.smeportal.sg/content/sme-centre/en/home.html>

⁸⁶ <https://www.spring.gov.sg/NewsEvents/PR/Pages/Updates-on-the-SME-Centre-Programme-20170405.aspx>

5.3.9. Thailand

In 2016, there were about 3 million SMEs in Thailand. They produced 42.2 percent of the GDP and employed over 78 percent of the labor force.

The Office of SMEs Promotion (OSMEP) formulates SME promotional master plans every 5 years. The strategies in the *Third SME Promotional Master Plan 2012-2016* include: “(1) developing enabling factors and conducive business environment for Thai SMEs; (2) building and strengthening the competitiveness of Thai SMEs; (3) promoting balanced regional growth; and (4) promoting international economic integration by building and strengthening the business capabilities of Thai SMEs.”⁸⁷

OSMEP is slated to propose a fourth SME master plan for 2017-2021. The plan will aim to have SMEs contribute more than 50 percent of Thailand’s GDP by 2021, up from their contribution in 2017 of over 42 percent. This increase will be accomplished by creating “business operators with high valued added, upgrading SMEs technology and innovation, enhancing entrepreneurship, and promoting business networks and clusters.”⁸⁸

The Office of SMEs Promotion is responsible for SME development policy in Thailand. It reports to the Prime Minister’s office. More information about OSMEP can be found at <http://www.sme.go.th/eng/>.

5.3.10. Viet Nam

According to the Viet Nam Association of Small and Medium Enterprises (VINASME), there were over 590,000 SMEs in 2016, representing 97 percent of the enterprises. They employ about 77 percent of the labor force, and contribute 41 percent of GDP.⁸⁹

Through its Socio-Economic Development Strategy for the Period of 2016-2020, Viet Nam aims to become an industrialized country by 2020, with GDP growing between 6.5 and 7 percent per year and per capita income of at least

⁸⁷ ASEAN CSR Network, 2017, op. cit., pp. 30–31, available at http://asean-csr-network.org/c/images/The_Report_Towards_Inclusive_and_Sustainable_Growth_in_the_ASEAN_Economic_Community_6thSeptember_2017.pdf.

⁸⁸ “SME Master Plan,” *The Nation*, July 5, 2016, available at <http://www.nationmultimedia.com/business/SME-MASTER-PLAN-30289824.html>.

⁸⁹ L.V. Can, *SME Development: Vietnamese Experience*, paper presented at the APEC Conference on “APEC’s Post 2020 Agenda: Rising Protectionism, Economic Rebalancing and Diversified Growth,” Singapore, February 13, 2017, available at <https://www.pecc.org/resources/trade-and-investment-1/2421-smes-development-vietnamese-experience/file>.

US\$3,200. The promotion of SME development is an integral part of enhancing productivity and competitiveness through start-up training centers and VC funding. In addition, businesses will receive research and development support, and public-private partnerships will be a priority.⁹⁰

In 2017 Viet Nam's first *Law on Support for Small and Medium Sized Enterprises* was passed. It will go into effect on 1 January 2018. The law calls for SME support through "loan provision, credit guarantee, preferential corporate income tax, land rental preferences, technology renewal, training, counseling, and human resource development."⁹¹

The Agency for Enterprise Development (<http://business.gov.vn/>) under the Ministry of Planning and Investment (<http://www.mpi.gov.vn/en/Pages/default.aspx>) is the primary SME promotion agency in Viet Nam.

⁹⁰ Lam Le and Ha Phuong, "Factbox: 2016–2020 Socio-Economic Development Plan," *VN Express International*, March 29, 2016, available at <https://e.vnexpress.net/news/business/factbox-2016-2020-socio-economic-development-plan-3375983.html>.

⁹¹ "Law on Small- and Medium-Sized Enterprises," *Viet Nam Law & Legal Forum*, article available at <http://vietnamlawmagazine.vn/law-on-support-for-small-and-medium-sized-enterprises-5946.html>.

GLOSSARY OF FINANCIAL TERMS⁹²

Financial Terms	Definition
Bonds	A certificate of debt issued to raise funds. Bonds typically pay a fixed rate of interest and are repayable at a fixed date.
Capital budgeting	The process of managing capital assets and planning future expenditures on capital assets.
Capital investments	Funds invested by a business in its capital assets that are anticipated to be used before being replaced. Capital investments are generally significant business expenses requiring long-term planning and financing.
Commercial papers	Debt instruments issued by established corporations to meet short-term financing needs. Such instruments are unsecured and the maturity period ranges from two to 270 days.
Convertible preference shares	Preference equity shares issued by a business that include a provision allowing those shares to be converted to ordinary equity shares after a specific timeframe.
Creditors or accounts payable	Suppliers the company owes money to, usually for services or goods supplied.
Debtors or accounts receivable	Customers who owe the company money, usually for services or goods supplied.
EBITDA	Earnings before interest, taxes, depreciation, and amortization. It is the net cash inflow from operating activities, before working capital requirements are taken into account.
Factoring	Selling the interest in the accounts receivable or invoices to a financial institution at a small discount. It is sometimes called “accounts receivable financing.” Factoring helps a company speed up its cash flow so that it can more readily pay its current obligations and grow.

⁹² The glossary includes selected terms from the glossary contained in *Financial Handbook for SMEs* by SPRING Singapore, Action Community for Entrepreneurship, and the Association of Banks in Singapore, available at https://abs.org.sg/docs/library/financial_handbook_for_sme_29mar07.pdf.

Financial Terms	Definition
Initial public offering (IPO)	The sale of a company's shares to the public on a stock exchange for the first time.
Letter of credit (LC)	A written undertaking by a bank, given to a seller at the request and on the instruction of the buyer, to pay up, at sight or at a future date, up to a stated sum of money within a prescribed time limit.
Trust receipt	A financing facility for imports in which a bank makes an advance to the buyer to settle an import sight bill. The advance is generally for a certain period. On the due date, the buyer is required to settle the bill with interest at an agreed rate.
Syndicated loan	A large loan provided to a borrower by a group of banks that work together. There is usually one lead bank that provides a small percentage of the loan and parcels the rest of the loan amount to other banks.
Term loan	A loan for a fixed period of more than 1 year and repayable by regular instalments.
Working capital	The amount of capital or current assets available for operating the business. It is calculated by subtracting current liabilities from current assets.

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