Background reader to the

ASEAN Guidelines on Fostering a Vibrant Ecosystem for Startups across Southeast Asia
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ASEAN GUIDELINES ON FOSTERING A VIBRANT ECOSYSTEM FOR STARTUPS ACROSS SOUTHEAST ASIA
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This document was developed under the OECD’s Southeast Asia Regional Programme (SEARP), which aims to support the region’s domestic reform and regional integration initiatives. It was developed for the 13th OECD-ASEAN Regional Policy Network (RPN) on SMEs meeting, which was held via virtual conferencing software on 16 June 2020. It received significant input from the OECD’s Centre for Entrepreneurship, SMEs, Regions, Cities, its Directorate for Science, Technology and Innovation, and its Directorate for Financial and Enterprise Affairs.
1. How can public policy enhance the ecosystem for start-ups?

Start-ups are attracting growing interest from the policy community, as part of a general shift away from traditional enterprise policies towards growth-oriented enterprise policies (OECD, 2014b). Their appeal for policymakers comes largely from their job and innovation creation potential – despite only having a small weight in the economy, young firms account for 42% of job creation and only 22% of job destruction on average across the OECD, making them net job creators (OECD, 2014a). The figures for high-growth firms (HGFs) are similar – an influential UK study found that HGFs accounted for around 6% of businesses but created 54% of new jobs over the period 2002-2008 (OECD, 2014b; Anyadike-Danes et al, 2009). New opportunities arising from digitisation, which have facilitated extremely high growth in some start-ups and transformed entire sectors and societies, has compounded this interest, particularly in emerging economies. In Indonesia, for instance, GO-JEK, the country’s highest valued unicorn, was estimated to account for 15% of the country’s employment and contribute IDR 55 trillion (USD 3.9 billion) to its economy in 2018, less than ten years since the company was first established.

Figure 1. The Great Recession hit young firms harder than incumbents

Policy interest in start-up activity is driven not only by the potential of these ventures, but also by a concern that the dynamism of young firms is losing momentum, or may never take off the ground. Startups are distinct from SMEs in important ways. They are highly amorphous and risky, and this means that they require a very particular ecosystem in which to operate, and that they tend to be much more vulnerable to policy failures (OECD, 2016a). These two traits also mean that they respond more strongly to upturns and downturns in the economy. During the Great Recession, for instance, young firms’ employment growth rate

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1 The big coup (to reach high growth) for most startup stakeholders.
and growth performance appeared more affected than that of older firms (Figure 1). This is pertinent as policymakers continue to battle fallout from the COVID-19 pandemic, particularly since the scale of the crisis and the need to safeguard employment has seen a shift of policy support away from high-productivity and early stage firms, towards small and established firms (di Mauro and Syverson, 2020).

Policymakers can support startups in a number of important ways. First, they can address policy failures to level the playing field vis-à-vis incumbents. Introducing more flexible employment protection legislation and bankruptcy codes, for instance, may give young, innovative firms more room to adjust to changing needs and market conditions, and encourage them to experiment with more risky technologies and business models. Both should be adapted carefully, however, to ensure that they continue to provide adequate protections to workers and creditors (OECD, 2014a). Considering the unintended consequences of policy instruments on a spectrum of business classes, including start-ups, may also help to reduce policy failures. More generous R&D fiscal incentives, for instance, may have the unintended consequence of protecting incumbents and slowing down the reallocation of resources towards more innovative entrants (OECD, 2014a).

Figure 2. Reform simulations related to bankruptcy regulation and civil justice

![Graph showing reform simulations related to bankruptcy regulation and civil justice](image)

*Note: The bars show the effect ceteris paribus of policy changes on the response variable, if reported econometric estimates are interpreted causally. Dashed lines show 95% confidence intervals. The response variable is post-entry growth, measured as the ratio of final over initial employment over a three-year period.*

These types of measures alone are likely to considerably improve the operating environment for startups, which appear to be much more vulnerable to policy failures than other types of firm. Studies compiled by the OECD suggest that efforts to strengthen contract enforcement and reform civil justice procedures have a sizeable impact on post-entry employment growth, and that this impact is much greater for startups than for incumbent firms (Figure 2).² The explanation may be two-fold. First, regulations are often

² These studies modelled start-up employment growth in the ICT sector; typically characterised by high employment growth volatility and dispersion. They found that if a country with relatively weak contract enforcement (Italy) were able to complete insolvency procedures as quickly as a country with stronger contract enforcement (Japan), post-entry employment growth of surviving start-ups in the ICT sector would likely increase by 17 percentage points, and
slow to change, and this may be more problematic for entrants that are seeking to bring new and disruptive technologies or business models to market. Second, incumbents are likely to have greater prominence and lobbying power in policy debates than younger and less-established firms (OECD, 2016a).

These trends seem to be particularly pronounced for firms and in sectors with the highest growth potential. Analyses conducted by the OECD suggest that start-ups with high growth potential face much greater risk and volatility than both established businesses and less dynamic start-ups (Figure 3). They also find aggregate net job creation rates to be highest in sectors that are risky and volatile, such as ICT, business services and scientific R&D (OECD, 2016a).

Figure 3. Volatility and employment growth of surviving entrants

*Note:* Each dot represents a country/2-digit industry/year observation (17 countries, 25 industries between 2001 and 2010). The horizontal axis reports volatility, which is calculated as weighted average of the standard deviation of the yearly employment growth index at firm level over time. The weights are equal to the firms’ average employment over the same period. The vertical axis reports the ratio between total employment at t + 3 over total employment at entry of surviving entrants.

*Source:* Calvino, Criscuolo, and Menon (2016).

This is not the only way that policymakers can intervene to enhance the operating environment for startups, however. They can (second) also work to improve other framework conditions – for instance telecommunications architecture, transportation and logistical infrastructure, and education and skills. Efforts to boost competition in the telecommunications sector – for instance by lowering barriers to foreign investment – has often been shown to lower the cost, increase the speed, and broaden the coverage of
broadband services, for instance. Trade facilitation reforms can reduce unnecessary costs at and behind the border, an important barrier for small firms trading or distributing tangible goods. Measures to boost education and skills in the general population would enrich the talent pool, helping startups to access the manpower they need to grow.

Third, they can help to address market failures in the startup ecosystem, where and when they arise. Broadly, this “ecosystem” refers to the different institutions and actors that help firms face temporary difficulties in their start-up phase. They provide start-up firms with support to cover their expenses, advice, and help to facilitate linkages between the start-up and future marketing channels as well as other players that can help them to test and develop their product. These institutions and actors typically emerge organically in high potential markets, but not always, and they can be particularly absent in emerging economies. Public policies and programmes can help to de-risk the market for individual private players, and can help to fill gaps by taking a more holistic and long-term view at market development.

For most startups, the most frequently cited challenge appears to funding-related (Figure 4). In particular, startups are especially vulnerable during the “valley of death” stage in their lifecycle, or the period of time that lapses between starting operations and generating a sustainable revenue.

Figure 4. The most critical business challenges, according to a sample of startups

![Figure 4](image)

Source: EU Startup Monitor 2018 (2018)

This is one area where policy intervention could step in to supplement the market until that market matures. Environments with a diversified range of instruments typically help startups to thrive. This is because they enable startups to access funding best suited to the stage of the business lifecycle they are in, but also because these environments provide more exit opportunities for investors, increasing the attractiveness of the market overall. However the volume of alternative financing, particularly PE/VC, is often thin in emerging economies due to concerns over risk and a lack of deal flow. Efforts to increase institutional transparency, regulatory and legal clarity, and to build more robust investor protection and corporate governance regimes, can go some way to addressing these concerns. In some
cases, however, policymakers may wish to intervene more directly to catalyse the market. A few examples of measures include tax incentives, public-private co-investment schemes, and financial education programmes. In some countries, such as Israel, policymakers have taken a more systematic and intensive approach, building a market almost from scratch, using endogenous resources such as the country’s diaspora (see Box.1).

Box 1. YOZMA Venture Capital Funds, Israel

Description of the approach

Israel’s venture capital (VC) industry started in the early 1980s with the creation of Athena Venture Partners. A few other VC companies were established in the following years, but it was not until 1993 that the industry took off thanks to the YOZMA government initiative. YOZMA’s main principle was to attract venture capital and the related investment skills from abroad by matching private investments with government funding. Foreign investors primarily came from the United States. A second YOZMA initiative was launched in 1995 with support from well-established American, European and Israeli VC funds. In 2000, the private sector accounted for most VC investments, and the government decided to drastically reduce its presence in this industry.

The YOZMA Fund’s investments were primarily in life science, biotechnology and ICT and were typically in the range of USD 1-6 million. The YOZMA Fund developed a close relationship with national leading academic institutions and incubators, which led to some of the most successful start-ups in the programme. A YOZMA CEO club was also created to involve senior executives and founders in the initiative’s activities.

The YOZMA Programme has played a key role in kick-starting Israel’s VC industry. VC-backed companies rose from 100 to 8,000 between 1991 and 2000, and by 1999 Israel ranked second worldwide in terms of private-equity investments as a share of GDP.

Success factors

The Israeli VC industry has been successfully built on the combination of public and private funding. However, over time, when private investment started to gather steam, the government progressively moved out of the industry. As a result, over the course of the 1990s, the government stake passed from 50% of total investments to nearly zero.

The success of the YOZMA Programme also depended on its ability to attract foreign capital and know-how. The presence of an initial government investment and the option to buy out the government share after five years offered sufficient incentive for leading international VC firms to invest in Israeli start-ups.

Finally, the presence of equity guarantees for foreign investors, the nurturing of linkages between domestic start-ups and foreign business angels, and the preparation of Israeli VC-backed firms for IPOs in foreign stock exchanges were additional success factors.

Obstacles and responses

The main difficulty for the YOZMA Fund was to find investors ready to invest in a relatively small and isolated market such as Israel. Israeli residents could not meet the financing needs of the country’s growing high-tech industry on their own, so the government looked abroad, mostly to the United States, to attract qualified investors. As
Policy measures to support startups typically benefit from having some cooperation at the regional level. This is because domestic markets often do not offer the market size or supporting resources required to grow at scale. Many high-potential ventures are therefore likely to look to expansion outside national borders, most often to neighbouring countries. Some degree of regulatory harmonisation should make this task easier. Other collaborative efforts, such as efforts to streamline visa and residency applications for third country talent (as the EU is doing through the EU Startup Nation Standard) should also help. Regional initiatives to strengthen startup ecosystems may have the added benefit of levelling the playing field. They can work to multiply good practices from one member state to the community as a whole (a strategy, again, being pursued by the EU through its Startup Nation Standard), and they can also direct investment and technical assistance to member states that may lack endogenous domestic resources (as the EU is doing through its Digital Innovation and Scale-up Initiative (DISC)). The EU is doing a lot of work in this space through its “Start-up Europe” initiative (see Box 2), but other regional communities are also collaborating in this area, for instance the Pacific Alliance through its Innovation Ecosystem (EIAP) initiative.

**Box 2. Startup Europe**

The European Commission established its “Startup Europe” initiative in 2014. It aims to connect high tech startups, scaleups, investors, accelerators, corporate networks and universities, and is supported by a portfolio of EU funded projects and policy actions such as the EU Startup Nation Standard, Innovation Radar and the Digital Innovation and Scale-up Initiative (DISC).

The initiative provides support to startups at different stages in their lifecycle. At the ‘seed’ stage it provides support to accelerators and other actors such as crowdfunding platforms. For growth and scale up stage ventures, it is creating clusters of local hubs and offers the Startup Europe Partnership, which links corporates and universities with startups. In addition, it is working with the European Investment Fund to make more funding available to startups. In terms of exits, it is supporting initiatives such as Germany’s Markt 2.0, which offer options for an easy exit. To reduce gaps between member states, the DISC scheme, launched in 2019, aims to strengthen the startup ecosystem in Central, Eastern and South Eastern Europe (CESEE) through investment and technical assistance focused on digital innovation and the scale-up of digital startups.
Possible pitfalls and challenges to be aware of

Whilst public policy can play an important role in enhancing the operating environment for startups, policymakers should also be aware of its limits. Some commentators question the competency of governments to “pick winners” and provide company-level support. They thus argue that the government should remain a facilitator – encouraging and enabling startups and other ecosystem players to drive the system forward (OECD, 2014b). They also advise that, generally, one cannot create something from nothing. Many of the world’s most successful start-up ecosystems have emerged over a long period of time, have been made possible thanks to a complex array and mingling of factors, and have been strongly supported by pre-existing assets (OECD, 2014b; Haskel and Westlake, 2017). Neither does supposedly good policy always translate into concrete outputs – Denmark has, by most measures, one of the most favourable policy environments for entrepreneurs in the world, but it has yet to translate this into a sizeable increase in high growth firms (OECD, 2014b). Policymakers should thus remain realistic about what they want to achieve and their role in achieving it.

Second, one size does not fit all. Startups exhibit distinct characteristics that differentiate them from SMEs and they thus require novel forms of support, separate from traditional small business policy. Startups themselves are not the same, and they are likely to face distinct barriers based on their sector, the broader economic context, and the stage of the business lifecycle that they are in (Figure 5). This is true not only for startups themselves, but also for the ecosystems in which they operate. The OECD, for instance, has found that local cultural attitudes, the structure of local banking systems and educational policies are likely to have a significant impact on the nature of entrepreneurial ecosystems (OECD, 2014b). Policies and programmes should therefore be based on a robust understanding of market dynamics and continuously adjusted. They should not be based on an attempt to copy and paste the dynamics of other existing (successful) ecosystems.

Figure 5. Typical lifecycle of a startup

![Typical lifecycle of a startup](image)
Third, **policy approaches should evolve over time and be holistic**. Successful startup ecosystems have typically emerged due to a unique set of (localised) circumstances, and have taken decades to mature (Breznitz, 2014). Policymakers may therefore benefit from taking an approach that couples responsive, relatively short-term interventions with a longer term view that is holistic in nature (OECD, 2014b; OECD, 2016c). This holistic aspect is important. Targeted interventions introduced in isolation are unlikely to be effective. For instance, tax breaks to catalyse a VC market are unlikely to be effective if there is no deal flow. Efforts to provide entrepreneurship education are unlikely to be effective if the cost of registering a business incentivises entrepreneurs to register their business abroad. A number of countries have implemented such approaches successfully (see Box.3).

**Box 3. Startup SG Programme, Singapore**

Established in 2017, Startup SG was created to showcase Singapore’s vibrant startup ecosystem both locally and overseas. It represents the shared interests of the startup community and unifies efforts to support the ecosystem under various initiatives and programmes. With Startup SG, startups and ecosystem partners can gain greater access to possible avenues of support. This includes providing early-stage startups with access to mentorship, cash grants, equity financing, and business loans.

In 2018, Startup SG Network was launched to bring Singapore’s tech startup ecosystem closer together and encourage the proliferation of innovative and collaborative partnerships. As a virtual ecosystem of stakeholders in Singapore’s tech startup community, the platform allows local tech startups to profile themselves to both local and global ecosystem players.

More details on the Startup SG programme can be found at: [https://www.startupsg.gov.sg](https://www.startupsg.gov.sg).

Fourth, **policy should be consultative and inclusive**, involving active input from the entrepreneurial community. Private players are best placed to identify and communicate the specific barriers they face. By integrating their feedback into the policy cycle, policymakers can ensure that their efforts are being targeted towards where they are needed the most. This process is also important because private players play a critical role in the startup ecosystem. These players include cashed-out entrepreneurs, who can provide capital, advice and networks to new entrepreneurs, as well as larger firms. Larger firms can draw talent, produce knowledge and technology spillovers, and channel capital into a startup ecosystem. They can also provide more direct support, for instance by providing working space and resources for local start-ups (OECD, 2014b). Indeed, according to Isenberg (2013), “you simply cannot have a flourishing entrepreneurship ecosystem without large companies to cultivate it, intentionally or otherwise” (OECD, 2014b). These private players should be actively engaged in policy design, and this process should be as open and collaborative as possible.

Fifth, **policymakers should take efforts to supplement rather than substitute the market**. Public policy interventions should target critical market gaps, and they should be scaled back gradually as the gap narrows (usually, as private players move in to meet demand). Startups should remain partially exposed to the rigours of the market. This is the rationale underpinning the move away from largely “transactional” policy interventions towards...
more “relational” measures (OECD, 2014b). Isenberg (2011), for instance, has criticised direct financing schemes, arguing that, “new ventures must be exposed early to the rigours of the market …. to ensure that entrepreneurs develop toughness and resourcefulness…. In fact, the hardships of resource-scarce, even hostile environments often promote entrepreneurial resourcefulness.” He argues that this is particularly the case as firms become more established, and networking, peer-based support and customer interaction become ever more important (OECD, 2014b).

Finally, policymakers should try to maintain a clear vision of what they want to achieve, avoid stereotypes where possible, and systematically track progress and measure results. Inspired by a handful of (impressive) startup success stories, policymakers may at times confuse startup policy with high growth policy. Many startups will fail, and many will not reach high growth. Indeed, analysis produced by the OECD (OECD, 2014b) and others (Anyadike-Danes et al., 2009) has emphasised that high growth firms are often well-established (over five years old), not predominantly in high tech sectors, are rarely venture capital-backed, and often do not exhibit liner growth (fast growth is typically episodic). They also do not only grow organically – acquisition is also significant (OECD, 2014b). This shows the importance of having a clear idea of policy objectives and the ultimate beneficiaries of public policy. Establishing a clear definition of a “startup,” possibly a single definition that can be used across AMS will help to study and target beneficiaries. Empowering national statistical offices to compile data on this segment may also help to ensure that targeted policies are evidence-based. Policies should be implemented with clear performance indicators in mind, and these indicators should be regularly tracked and assessed. Such measures should reduce the risk of costly policy failures.
2. ASEAN’s existing start-up ecosystem and its challenges

2.1 ASEAN is booming, presenting exciting new market opportunities for start-ups

ASEAN is awash with new market opportunities, particularly in the digital space. The region currently boasts over 400 million Internet users, with an estimated 125 000 new users coming online every day. By some estimates, the region’s digital economy will add around USD 1 trillion to regional GDP over the next ten years (Bain & Company, 2018).

Figure 6. ASEAN’s digital market

![ASEAN's digital market](source: ASEANUp (2020))

For those that make it, the rewards, for both the company and the economy in which it operates, can be immense – the region has given rise to ten unicorns since 2012, with a combined market value of USD 34 billion. These companies are continuing to expand their user base, not only within their country of origin, but also, in some cases, to other countries in the region.

Whilst there are no clear figures on the number of startups currently operating across the region, some estimates count around 5 800 active startups (2018 figures) operating across all major industry verticals (e27, 2018). In terms of deals, those that managed to scoop up the lion’s share of funding in 2018 were those operating in the mid-to-late-stage consumer technology space (mainly in the transportation/logistics and education sectors), those providing enterprise technology (with a notable example being data centre provider AirTrunk’s USD 621 million round), and e-commerce propositions (with one of region’s biggest deals betting on Viet Nam’s growing consumer market, with Viet Namese e-commerce portal Sendo managing to raise USD 51 million (e27, 2018).
2.2 But important ecosystem gaps and policy barriers remain

Though we often refer to ASEAN as a single market, it remains rather fragmented, with a wide array of legal traditions, languages, cultural norms and income levels. Local knowledge and networks remain crucial in navigating logistical, infrastructural and institutional challenges that businesses and investors face. These conditions may be particularly challenging for startups, which are often highly risky ventures and lack connections and lobbying power. Some of the key challenges cited by entrepreneurs and ecosystem analysts are cited below.

2.2.1 Framework conditions

The framework conditions for startup activity can be enhanced in many AMS. In some cases these are regulatory, and may be addressed as part of ongoing attempts to review and streamline business regulations and licensing. In Thailand, for instance, foreigners cannot own more than 49% of a Thai-registered company’s shares, and this, alongside high tax rates, appears to encourage many Thai startups to establish in other countries (Forbes, 2018). Similar factors appear to discourage would-be investors – a 2013 investor survey indicated that 41% of respondents regard legal and regulatory frameworks as the biggest challenge for doing business in Southeast Asia, with the exception of Singapore (Preqin and SVCA, 2014; OECD, 2019a). Critical transportation and logistical infrastructure, important for e-commerce propositions, is still missing, as recognised in the MPAC 2025. Credit card penetration is extremely low across much of the region – it took Uber two years to begin accepting cash payments after it entered the region (Forbes, 2018).

Broadband and/or provision of associated services is lacking in many countries, and the adoption and diffusion of digital services by SMEs in SEA are still lagging (OECD, 2019b). Progress addressing these challenges will be key if ASEAN is to realise its huge opportunities in the digital space.

2.2.2 Access to supporting resources

• Covering costs

Accessing funding, particularly diversified instruments, remains a critical constraint. Business angel and PE/VC investment is becoming more widely available, but it remains relatively scant and directed towards a relatively small number of firms. Of the USD 13 billion invested in the region’s startups since 2015, around USD 9 billion went to seven unicorn companies (Bain & Company, 2018). The majority of institutional funds committed to the region are allocated to growth capital (Figure 7). Access to early-stage seed and bridge round funding is very limited.

Investment also appears to be directed towards relatively few sectors. Most PE/VC investment over the past decade has been channelled towards the technology and consumer sectors (Figure 8); two sectors which appear to match well with PE/VC capital allocation strategies in the region. The vast majority of investment is also concentrated in capital cities, with the exception of the Philippines and Viet Nam, where significant levels of activity can be found in urban areas outside the capital city (OECD, 2019a).
Figure 7. **Breakdown of ASEAN-based PE/VC funds by type**

in USD billion (LHS) and in n. of funds closed (RHS), as of H1 2018


Figure 8. **Breakdown of PE/VC transactions by industry**

in % of total number of PE/VC transactions

Note: Based on 3,255 transactions that took place in AMS over the period 2010-H1 2019. Source: OECD calculations, based on data by Thomson Reuters Eikon. OECD (2019a).

- **Accessing skills**

Accessing the right skills to grow is another challenge faced by many startups in Southeast Asia. Founders report difficulties finding both generic and specialist skills – particularly those that are required for technology-rich sectors. The former is borne out by international assessments such as PISA, where two of the region’s middle-income countries, Indonesia and Thailand, fall below the baseline level of performance (OECD, 2018; OECD, 2019b). In the case of the latter, companies based in the region continue to report a shortfall of
qualified candidates, particularly in SMEs and technology start-ups. In particular, advanced skills such as coding and development is a known bottleneck in some member states (OECD, 2019b).

- **Obtaining guidance**

Since most startup founders are testing a new market, business model and/or product, often for the first time, they benefit from access to information, advice and guidance. In most AMS, startups experience difficulties accessing senior level talent (Forbes, 2018). Access to experienced players, such as cashed-out entrepreneurs and (other) angel investors differs by AMS. It also differs by sector – investors have lamented the lack of domestic experienced talent in emerging high-tech sectors\(^3\) in Malaysia, for instance (Hasnan, 2019). Angel – and other expert – networks are growing across the region, however. The oldest such network is the Business Angel Network of Southeast Asia (BANSEA), which runs conferences and workshops, conducts research and builds networks worldwide, in order to improve the ecosystem for startup and facilitate the matching of early-stage companies with angel investors (Hasnan, 2019).

- **Linking with other players**

Linkages can be built through targeted programmes such as matchmaking initiatives, and by collaborating with a range of stakeholders to design and implement public programmes. They are also built through clustering – for instance through incubators, innovation centres and science parks. These facilities provide a physical space for synergistic businesses to incubate and then operate, which can amplify spillovers and provide startups with many different forms of tangible and intangible support. These often emerge through the collective action of the entrepreneurial community, but can also be supported by policy. Some ASEAN countries have a developed network of incubators, innovation centres and science parks, and comprehensive mentoring programmes, with active engagement from the private sector. In other countries, particularly the region’s lower income countries, these facilities are missing. In these cases, entrepreneurs sometimes build partnerships with players in other AMS, such as Singapore. ASEAN is also working to foster linkages across the community – the ASEAN Business Incubator Network, for instance, had, as of 2016, managed to foster thirty business incubators and innovation centres across the region (OECD, 2016d).

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\(^3\) Namely, advanced manufacturing and robotics, agro-tech and food-tech, artificial intelligence (AI), big data and analytics, and blockchain.
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Southeast Asia is commonly regarded as one of the most promising markets for startup activity, particularly in the digital space. The region is awash with new market opportunities, and boasts highly favourable demographics, with a young, entrepreneurial and increasingly tech-savvy population. According to some estimates, the region will add 140 million new consumers over the next decade, and host 575 million internet users – providing fertile ground for new products, services and business models.

Interest in startup policy is growing, fuelled by their job and innovation creation potential, as well as, in some cases, their potential to transform entire sectors and societies. This has been amplified with COVID-19 – given the transformative impact of this shock on societies around the world, startups may play a pivotal role in identifying pathways out of the crisis.

However, even in good times, startups require a very particular ecosystem in which to operate – and they are also much more vulnerable to policy failures, as well as economic downturns. Startups have been badly affected over the past year, with ASEAN startups seeing a 40% y-o-y decline in funding over the third quarter of 2020, and every country except Singapore seeing a sharp drop in both deal value and deal count (DealStreetAsia, Q3 2020). This situation has been compounded by the fact that significant levels of policy support have flowed towards more traditional enterprises, given the unprecedented need to keep these enterprises afloat.

This report was used as input to formulate the ASEAN Guidelines on Fostering a Vibrant Ecosystem for Startups across Southeast Asia, which were developed with the ASEAN Coordinating Committee on MSME (ACCMSME) as an official deliverable of Viet Nam’s 2020 ASEAN Chairmanship and released at the 37th ASEAN Summit. It was developed by the Organisation for Economic Cooperation and Development (OECD), with financial support from the Government of Canada.

It aims to explore some of the ways in which public policy can enhance the ecosystem for start-ups, and some of the pitfalls and challenges to be aware of. It looks at ASEAN’s existing ecosystem for startups and its challenges, noting that considerable barriers remain for business expansion across borders, particularly for startups. It notes opportunities for further regional cooperation in this area.

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