Factsheet
"Go Digital ASEAN: Digital skills to address the economic impact of COVID-19" Project

Overview

The project "Go Digital ASEAN: Digital skills to address the economic impact of COVID-19" was approved for implementation by the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) during its 8th Meeting in November 2019. The collaboration between the ACCMSME and The Asia Foundation, supported by Google.org demonstrates synergy and partnership with non-government partners in implementing the Action Agenda on Digitalisation of ASEAN MSMEs through Capacity Building Initiatives (Action Agenda) and by extension the ASEAN Digital Integration Framework (DIF).

The goal of the project is to expand economic opportunity across ASEAN countries, and minimize the negative impact from the COVID-19 crisis, by equipping underserved communities with critical ICT skills to leverage the digital economy, and raise awareness of this opportunity among senior ASEAN stakeholders (senior officials and ministers). The objectives include:

- Increase the ability of rural micro-entrepreneurs and MSME owners to grow their businesses by utilizing ICT tools and online markets.
- Improve the ability of underemployed individuals to participate in the digital economy.
- Help senior stakeholders understand the potential of MSME entrepreneurship in the digital age.

The project intends to address some of the challenges to MSME adoption of digital technology, specifically the limited knowledge of digitalization and difficulties of engaging with MSMEs through online and offline platforms. The target beneficiaries are micro and small businesses and underemployed youth, including farmers, home-based handicrafts producers, farming cooperatives, eco-tourism enterprises, small-scale hotels and restaurants, small shops and other traditional modes of employment and income-generation.

The Asia Foundation is working with SME agencies from all ten ASEAN Member States (AMS) which make up the ACCMSME to customise the training programme so that it meets each country's needs and suits the local context, and engages local teams of technology professionals and volunteers to deliver the trainings.
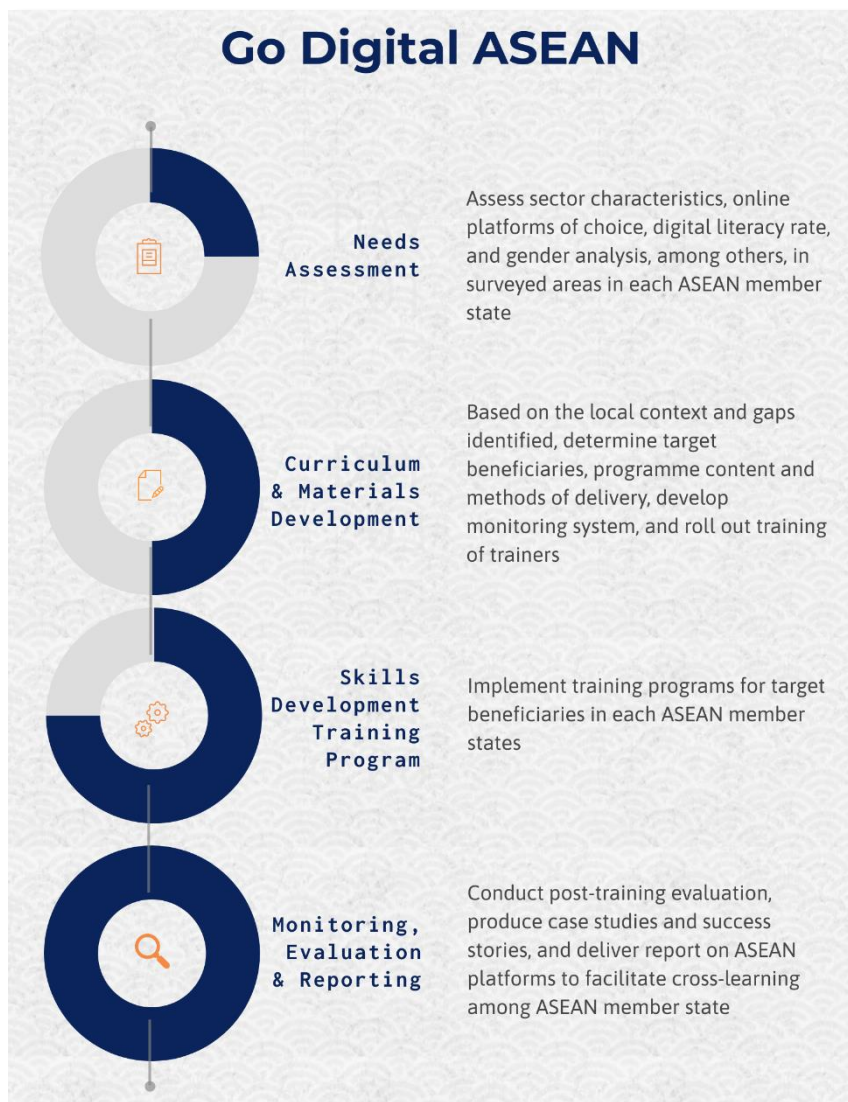
Figure 1 Implementation plan of the Go Digital ASEAN

MSMEs in ASEAN

In ASEAN countries, MSMEs are a vital part of the region's economy, accounting for between 88.8% and 99.9% of total establishments. They contribute between 51.7% and 97.2% of total employment, between 30% and 53% of GDP, and between 10% and 29.9% of exports.

Cooperation on MSME development in ASEAN is undertaken by the ACCMSME, comprising representatives from MSME agencies in AMS. The committee is responsible for formulating policies, programmes and activities on MSME development, guided by the ten-year ASEAN Strategic Action Plan for SME Development 2016 – 2025 (SAP SMED 2025).

Digital Integration in ASEAN

During its ASEAN Chairmanship in 2018, Singapore commissioned Bain & Co to undertake a study to support the development of the ASEAN Digital Integration Framework (DIF), an initiative of the ASEAN Coordinating Committee on Electronic

Commerce (ACCEC). The report titled "Advancing towards ASEAN Digital Integration" shows that while ASEAN is ranked third in the world in population, sixth in GDP and fourth in trade value, ASEAN's digital economy is only 7% of its GDP compared to 16% of China, 27% of EU-5 and 35% of the US.

Digital integration is a critical enabler for harnessing the scale of ASEAN as a region, enabling ASEAN to compete more effectively in the global economy, and bridging the digital divide to create a more inclusive ASEAN region. It also enables individual AMS to accelerate their own domestic growth.

Adopted at the 50th ASEAN Economic Ministers Meeting in August 2018, the ASEAN DIF proposes five policy areas that can help ASEAN overcome the barriers to digital integration, namely (1) Digital connectivity and affordable access, (2) Financial ecosystem, (3) Commerce and trade (4) Workforce transformation, and (5) Business ecosystem.

Six priority areas were identified for the immediate term to address the critical barriers and accelerate existing ASEAN platforms and plans to realise digital integration, namely:

1. **Facilitate seamless trade**. With the increase in digital-enabled trade of goods, digital integration requires reliable physical infrastructure and favourable trade policies to facilitate seamless trade flows across ASEAN. In this regard, AMS shall accelerate progress on seamless logistics to facilitate trade across borders, including digital-enabled trade within and across AMS.

2. **Protect data while supporting digital trade and innovation**. It is the responsibility of governments and industry to ensure that data is protected and secured as the volume increases. The ASEAN Framework for Personal Data Protection provides for data protection while facilitating data flows across the AMS. AMS are encouraged to take into account the principles outlined in the ASEAN Framework for Personal Data Protection, ASEAN Framework on Digital Data Governance, and international frameworks to stimulate budding micro, small, and medium enterprises' (MSMEs) progress in digital integration.

3. **Enable seamless digital payments**. Digital payment is a key enabler to facilitate seamless cross-border digital trade and serves as a gateway to other digital financial services. It offers the potential to extend financial inclusion to underserved populations across ASEAN. In line with the goals under AEC 2025 Strategic Action Plans for Financial Integration, AMS should implement interoperable frameworks that use common global standards, messages and rules; work with financial institutions to develop inclusive open application program interface (API) standards and roadmaps; and develop or build on existing national digital ID systems to encourage adoption of digital financial services by enabling real-time and secure verification of user identities.

4. **Broaden digital talent base**. Upskilling is critical in enabling the existing workforce to benefit from and accelerate the progress of digital integration. There are existing plans in ASEAN, such as the ASEAN ICT Masterplan 2020

and AEC Blueprint 2025 on upskilling of MSMEs, as well as Master Plan on ASEAN Connectivity (MPAC) 2025 that seeks to support the adoption of technology by MSMEs. AMS have made some progress in this area. Yet many upskill programmes are at an early stage or only focus on urban populations. In order to accelerate results, AMS shall partner with the private sector in designing the most relevant digital skills roadmaps and accelerate the roll-out of these programmes for prioritised sectors.

5. **Foster entrepreneurship**. There is a need to assist budding digital MSMEs navigate the business ecosystem to flourish - from the ease of starting a business to digital regulations. AMS shall continue to simplify existing hurdles in setting up and doing business for its MSMEs. In addition, AMS shall endeavour to ensure that new policies related to digital integration do not significantly impose burdens and deter MSMEs from participating in the digital economy.

6. **Coordinate actions**. ASEAN shall designate one body to manage across all the different areas of this Framework. This will help accelerate digital integration through effective prioritisation, coordination and tracking across different objectives and timelines.

The priority areas were translated into the ASEAN Digital Integration Framework Action Plan (DIFAP) 2019-2025.

Participation of MSMEs in Digital Economy

The massive use of digital technologies such as the internet of things, big data analytics, advanced manufacturing, and artificial intelligence fundamentally alter the way businesses operate and interact. While three out of four SMEs recognise the opportunities presented by digital integration, less than 20% of MSMEs use digital tools to their potential as part of the core business model, as revealed in Bain & Co's report and another study carried out by ERIA titled "Study on MSMEs Participation in the Digital Economy in ASEAN". Both studies reported a shortage of skills and knowledge is a key barrier impending MSMEs' understanding of digital tools and taking full advantage of them.

Figure 2 Key barriers SMEs face to adopt digital[1]

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[1] Bain & Co (2018), "Advancing towards ASEAN Digital Integration", https://www.bain.com/contentassets/37a730c1f0494b7b8dac3002fde0a900/report_advancing_towards_asean_digital_integration.pdf

Increasing Digital Adoption by MSMEs

Recognising the challenges presented by various studies and reports commissioned through the collaboration of ASEAN and its various external partners relating to MSMEs in digital technology, the ACCMSME developed the Action Agenda on Digitalisation of ASEAN MSMEs through Capacity Building Initiatives (Action Agenda).
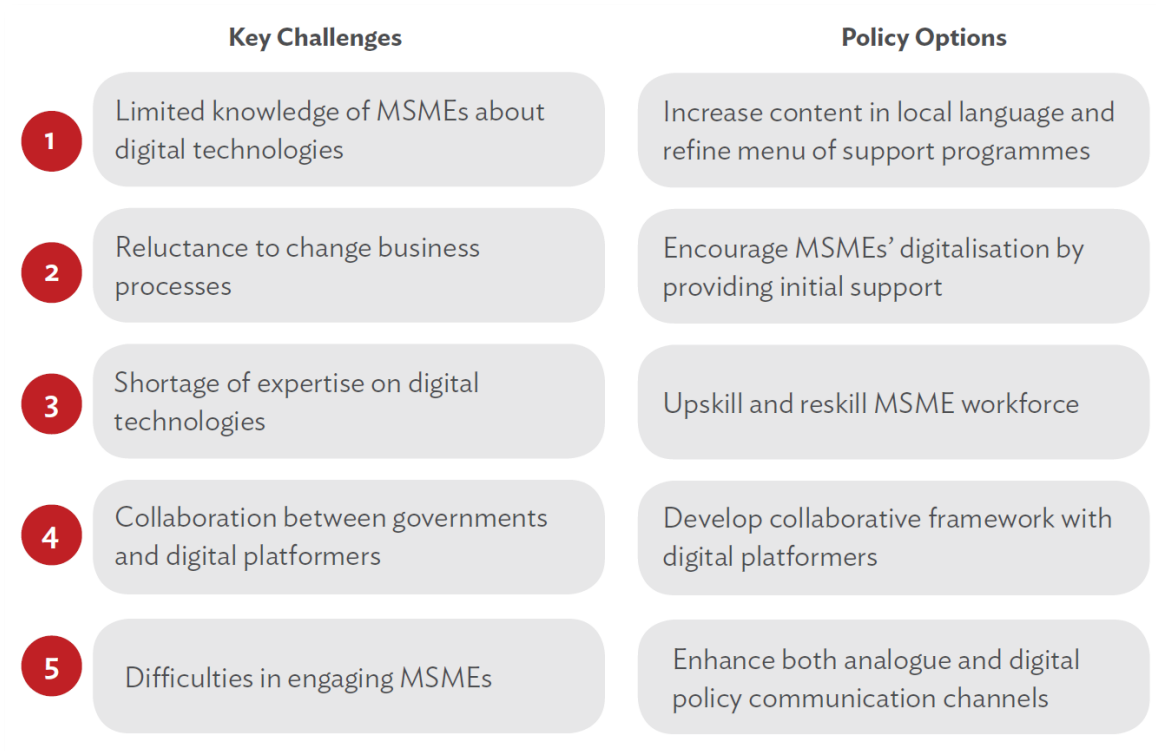
Key Challenges	Policy Options
1. Limited knowledge of MSMEs about digital technologies	Increase content in local language and refine menu of support programmes
2. Reluctance to change business processes	Encourage MSMEs' digitalisation by providing initial support
3. Shortage of expertise on digital technologies	Upskill and reskill MSME workforce
4. Collaboration between governments and digital platformers	Develop collaborative framework with digital platformers
5. Difficulties in engaging MSMEs	Enhance both analogue and digital policy communication channels

Figure 3 Policy options considered in the development of the Action Agenda[2]

The Action Agenda was adopted during the 8th ACCMSME Meeting in November 2019. It aims to increase technology adoption among MSMEs to enable them to participate effectively in the digital economy. Leveraging the expertise, resources and strengths of the industries, universities, civil society organisations through collaborative initiatives, the Action Agenda seeks to foster environments where MSMEs can leverage technology and innovation to increase their productivity and achieve higher growths. Implementation of the Action Agenda will also contribute to the ASEAN DIF, particularly Priority Area 4 "Broaden digital talent base" and Priority Area 5 "Foster entrepreneurship".

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[2] ERIA (2019), "Study on MSMEs Participation in the Digital Economy in ASEAN", https://www.eria.org/uploads/media/Books/2019-October-ERIA-ASEAN-Study-On-MSMEs-Participation.pdf
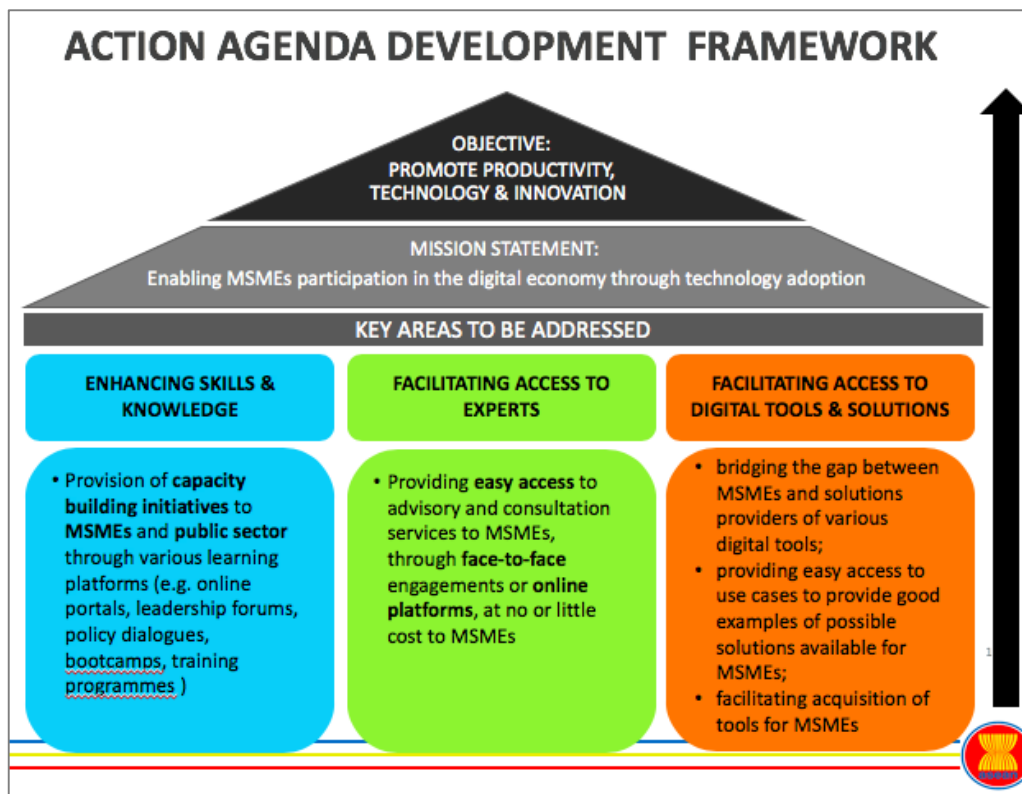
Figure 4 Action Agenda Development Framework

In-Country Partner Organisations

Country	Implementing partners	Goals	200,000 Individuals
Brunei Darussalam	The Young Entrepreneurs Association Brunei (YEAB) BigBWN	Young Entrepreneurs Association Brunei (YEAB)'s mission is to provide access to a network of entrepreneurial experience, nurture an enterprising culture and encourage the spirit of entrepreneurship as Brunei endeavors to facilitate the attainment of Wawasan 2035. YEAB is targeting 1,500 MSME-owners and employees to increase their digital literacy skills and adopt the digitalization of businesses in Brunei. Big BWN Project's mission is to empower, encourage and support local youth, women and entrepreneurs, in order to become self-sustainable and to create a diverse community of entrepreneurs from different fields who support each other to grow their businesses and ideas, accompany them through delivering their initiatives to communities and addressing the key challenges affecting the growth of business initiatives. BigBWN is targeting to train 2,000 youths in Brunei to be more digitally literate to access better job opportunities and gain access to employment.	4,000

Country	Implementing partners	Goals	200,000 Individuals
Cambodia	InSTEDD iLab STAR Kampuchea Development Innovations	InSTEDD iLab Southeast Asia's mission is to improve global health, safety and sustainable development through collaborating with end users, co-creating tools, ensuring impact, and building capacity. InSTEDD iLab Southeast Asia is developing training content and curriculum as well providing Training of Trainer training to volunteer trainers. STAR Kampuchea's mission is to improve the capacities of civil society organizations and communities to deliver high quality advocacy assistance on priority issues of vulnerable and disadvantaged people. STAR Kampuchea is mobilizing volunteer trainers to deliver training to rural micro and SME entrepreneurs in seven targeted locations. Development Innovations was a six-year USAID-funded project that helped civil society organizations, technology companies, social enterprises and young innovators to design and use information and communications technology (ICT) solutions and employ innovative processes to tackle Cambodia's development challenges. Development Innovations advised on curriculum development and implementation planning prior to the conclusion of their program in 2019.	15,000
Indonesia	Pusat Pengembangan Sumberdaya Wanita (or Center for Women's Resource Development)	PPSW's mission is to empower women especially those in the lowest socioeconomic strata in communities that are concentrated in urban slums, and rural areas. They use the focus issues faced by the community, such as economic, health and education issues as an entry point in community organizing, especially women's groups. Through this program, PPSW will extend their community work through introducing digital literacy to help their community get better access to digital economy	20,000
Laos	Stella	STELLA is a unique platform for Lao youth to learn soft skills, share experience, and collaborate on projects to create positive change to their own communities. STELLA will support The Asia Foundation to develop, deliver and promote innovative and responsive training solutions for digital literacy targeting MSMEs in cooperation with participating Lao Government higher education institutions.	8,000

Country	Implementing partners	Goals	200,000 Individuals
Malaysia	International Youth Center Startup Malaysia	The International Youth Center (IYC) is a youth development centre for the internationalization of youth equipped with 21st-century skills under the purview of the Ministry of Youth & Sports. IYC as the main project partner will deliver the Go Digital ASEAN project in partnership with Startup Malaysia, a social enterprise set up in 2011 that fosters entrepreneurial skills in individuals to enable them to build their career, contribute to society and lead a fulfilling life. IYC together with Startup Malaysia aims to assist youth and MSME owners to gain the skills on digital literacy to access the marketplace of online prospects, craft their own digital marketing campaigns and provide them with tools to monitor and adapt marketing campaigns.	15,000
Myanmar	Myanmar Library Association (MLA)	Myanmar Library Association is a non-governmental organization with a mission to help the country in every capacity to motivate reading, improve access to and use of new technology and in the area of information literacy development in the country. MLA members will serve as master TOT trainers to provide digital literacy training to university and college students; students from technical and vocational education and training schools; and those who finished high school and are looking for job opportunities in Kayin State, Yangon Region and Mandalay Region.	8,000
Philippines	Pailig Development Foundation Clevergrit Web Services	Pailig Development Foundation, Inc. is an Iligan City-based non-government organization that firmly believes in the democratic principles and has more than 21 years of empowering total human development for sustainable development through technical assistance and life skills capacity building; community organizing, empowerment and development; livelihood and income generation; and advocacy on transparent and accountable governance. As the implementing partner in the Philippines, Pailig helps bring the program to beneficiaries of Go Digital ASEAN across Mindanao. Clevergrit's advocacy is to support startups, particularly MSMEs in the countryside, and has more than 10 years of experience in helping businesses build their presence and expand their marketing success by identifying gaps and opportunities to provide comprehensive project plans with timelines and cost analyses.	25,000

Country	Implementing partners	Goals	200,000 Individuals
		Clevergrit will serve as Master Trainers and provide its expertise to equip trainers and refine the program curriculum in the Philippines.	
Singapore	Engineering Good (EG)	Engineering Good is a Singapore-based non-profit organisation that empowers disadvantaged communities by improving their quality of life through sustainable engineering solutions. EG will be hosting a Hackathon for underemployed youth and underemployed youth with disabilities.	100
Thailand	Thai Fund Foundation (TFF) Inter Mountain Peoples' Education and Culture in Thailand Association (IMPECT)	Thai Fund Foundation aims to distribute knowledge and innovation to communities especially in remote areas and to provide opportunity for people participating in development activities. Inter Mountain Peoples' Education and Culture in Thailand Association supports community organizations and networks of local indigenous people on culture, rights, and liberty to define the ways of life of indigenous people. Together TFF and IMPECT will work with lead coordinators in 20 provinces in the Northeastern (TFF) and Northern (IMPECT) regions of Thailand, connecting 2,000 local volunteer trainers to distribute knowledge to 40,000 individuals.	40,000
Vietnam	Tinh Thuong Microfinance Institution (TYM) Vietnet ICT	Tinh Thuong Microfinance Institution (TYM) is a microfinance service provider belonging to the Vietnam Women's Union, mandated to empower low-income women and their families through provision of financial and non-financial services to facilitate their participation in socio-economic activities and improve their quality of life. TYM is the project's key implementing partner, using its existing service delivery network to outreach and deliver the digital literacy training to nearly 65,000 household businesses and underemployed youth in 13 provinces in the northern delta, highland and central parts of Vietnam. Vietnet Information Technology and Communication Center (Vietnet-ICT) is a local NGO mandated to support disadvantaged communities and groups to get access and benefit from information technology and communication services via promoting partnership and capacity building.	65,000

Country	Implementing partners	Goals	200,000 Individuals
		Vietnet-ICT will technically lead training curriculum development specifically designed for the project's target beneficiaries and training of the lead trainers and field mentors who are service delivery staff of TYM.	

About ACCMSME

The ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) is the ASEAN body responsible for strengthening MSMEs' participation in ASEAN integration and in deepening and broadening their contribution to ASEAN's economic growth. Comprising the ASEAN Member States' Heads and representatives of MSME agencies, and supported by the ASEAN Secretariat, the ACCMSME facilitates the implementation, monitoring and evaluation of ASEAN Strategic Action Plan for SME Development 2016-2025 (SAP SMED 2025), with the mission to create globally competitive, resilient and innovative MSMEs that are seamlessly integrated to the ASEAN community and to achieve inclusive development in the region.

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About The Asia Foundation (asiafoundation.org)

The Asia Foundation is a nonprofit international development organization committed to improving lives across a dynamic and developing Asia. Informed by six decades of experience and deep local expertise, our work across the region addresses five overarching goals—strengthen governance, empower women, expand economic opportunity, increase environmental resilience, and promote international cooperation. Headquartered in San Francisco, The Asia Foundation works through a network of offices in 18 Asian countries and in Washington, DC.

About Google.org (google.org)

Google.org, Google's philanthropy, supports nonprofits that address humanitarian issues and apply scalable, data-driven innovation to solving the world's biggest challenges. We accelerate their progress by connecting them with a unique blend of support that includes funding, products, and technical expertise from Google volunteers. We engage with these believers-turned-doers who make a significant impact on the communities they represent, and whose work has the potential to produce meaningful change. We want a world that works for everyone—and we believe technology and innovation can move the needle.