Connecting SMEs for CLMV Development

(ERIA: Economic Research Institute for ASEAN and East Asia)

Yasuhiro YAMADA

Greater Mekong Investment Policy Forum
28 March, 2012
ERIA Governing Board Members

Statement on the Establishment of ERIA

1. The Economic Research Institute for ASEAN and East Asia (ERIA) will be temporarily accommodated at the ASEAN Secretariat.

2. ERIA shall function as an independent research institute but shall maintain and develop strong communication ties with policy-making process. The results of its research works shall produce concrete and tangible policy recommendations that shall meet the needs of Ministerial and National Leader’s meetings.

3. ERIA shall maintain its highest academic standards in its research activities and provide a tripartite-type forum for policy dialogue and interactions among researchers, policymakers, and civil society.

4. ERIA shall provide meaningful resources for narrowing development gaps and enhancing research capabilities in countries in need for improvement of public policy-making and research abilities.

5. ERIA shall function as a common asset to the ASEAN and East Asian countries in providing a common platform for rigorous economic studies, and its activities shall be open in cooperation with various prominent economic research institutions and organizations around the world, just as the East Asian economic integration shall be wide open.
Organizational Structure of ERIA

Governing Board
Chairperson
Dato Paduka Lim Jock Hoi

Executive Director
Mr. Hidetoshi Nishimura

Research Institute
Network (16 countries)

Communication, Publications and Outreach
Kavi Chongkittavorn (Senior Communication Advisor)
Staff - 3 persons

Research Department
Fukunari Kimura (Chief Economist)
Shujiro Urata (Senior Research Advisor to the ED)
Ponciano Intal Jr. (Senior Researcher)
Dionisius Narjoko (Researcher)
Lim Hong Hin (Researcher)
Fauziah Zen (Researcher)
Ikumo Isono (Economist)
Xunpeng Shi (Associate Researcher)
Sothea Oum (Associate Researcher)
Yoshifumi Fukunaga (Senior Policy Coordinator)

Academic Advisory Council

Leaders/ (EAS)(ASEAN Sec)
AEM/EMM/ATM
Senior Officials
(Incl. Dialog Partners)

Administration and Personnel
Daiki Kasugahara (General Manager)
Anita Prakash (Director-Policy Relations)
Staff - 12 persons

Advisor – 6 persons
Staff - 16 persons
ERIA's Mandate for Policy Research from East Asia Summit and ASEAN Summit

- **3rd East Asia Summit (21 November 2007)**
- **3rd EAS Energy Ministers Meeting (29 July 2009)**
- **4th EAS Energy Ministers Meeting (22 July 2010)**
- **15th ASEAN Summit / 4th East Asia Summit (23, 25 October 2009)**
- **17th ASEAN Summit / 5th East Asia Summit (28, 30 October 2010)**
- **19th ASEAN Summit / 6th East Asia Summit (17, 19 November 2011)**
- **15th ASEAN Transport Ministers Meeting (10 December 2009)**
- **16th ASEAN Transport Ministers Meeting (11 November 2010)**

**ERIA**

- **Support ASEAN Secretariat in Regional Integration & Cooperation**
- **Deepening Economic Integration**
  - Comprehensive Mapping of ASEAN + FTAs
  - Geographical Simulation Analysis for ASEAN, China and India
  - Development Strategy for CLMV Countries
  - Development of Social Safety Net in East Asia
  - SMEs in Regional Production Networks
  - Productivity Impact of Trade and Investment Liberalization
- **Narrowing Development Gaps**
  - Environment and Energy Policies for South East and East Asia
  - Projects on Energy Saving, Biomass Energy Development and Energy Market Integration
- **Sustainable Economic Development**

**Comprehensive Asia Development Plan (CADP)**

- Strengthen Partnership
- Deepen Regional Integration
- Stimulate Economic Growth

**ASEAN Master Plan on Regional Connectivity**

- EAS Energy Outlook Biofuel Handbook and Guidelines

**ASEAN Economic Community**

- AEC/ERIA Scorecard
  - AEC Blueprint MTR

**East Asia Community**

- 41st ASEAN Economic Ministers Meeting (15 August 2009)
- 4th Meeting of ASEAN Economic Community Council (25 August 2010)
- Preparatory Meeting of ASEAN Economic Ministers (6 May 2011)
- 43rd ASEAN Economic Ministers Meeting (11 August 2011)
- Preparatory Meeting of ASEAN Economic Ministers (16 Nov 2011)

- ASEAN Strategic Transport Plan (ASTP) 2011-2015
ERIA Projects with Significant Implications to the CLMV Developments

Comprehensive Asia Development Plan (CADP)

Researches & Capacity Building
(a) Development of CADP
(b) Enhancement of the Implementation of CADP, and other ASEAN Initiatives

⇒ ERIA’s supports were welcomed by Leaders in ASEAN Summit & East Asia Summit

Narrowing Development Gaps

Researches & Capacity Building
(a) Upgrading SMEs and Inclusive financing
(b) Agricultural Development, Trade and Regional Cooperation
(c) Establishing appropriate Social Safety Net
(d) Improving the Initiative for ASEAN Integration (in AEC Midterm Review Project)

⇒ ERIA’s activities were appreciated by Leaders in ASEAN Summit

http://www.eria.org
New Initiatives on SME 2011-2012

(a) ASEAN SME Policy Index
(b) SME Credibility Index—Facilitates business tie-up, joint venture among SMEs

Collaboration with APEN
(Asian Professional Education Network)

—Critical Role of SMEs—

• SMEs are Major source of employment;

• SMEs have a great potential for economic growth when participating in global production networks; and,

• Existence of high-quality SMEs (and human resources) are condition for quality investment into CLMV.
### ASEAN SME Policy Index

- Same methodology as the **OECD Policy Index**; but reflecting **realities in ASEAN**
- Enables structured **evaluation** for **better planning** (regional cooperation).
- Captures a variety of policy dimensions
  - e.g., information access; finance & taxation; technology; reduced administrative burdens; market access; getting more from single market; human resource development.
- **Request by ASEAN Summit** (2011)
- Scheduled to complete in 2012.

#### Functions of the SME Policy Index
- Structured monitoring and assessment
  - an analytical and dynamic tool to review SME policy developments on a number of policy dimension and across countries;
- Targeted supports for improvement
- Public and private sector involvement
- Planning and resource allocation
- Regional collaboration and mutual encouragement
  - a framework to exchange experiences, good practices and foster policy dialogue

#### ASEAN SME Policy Dimensions
1. General SME policy and business environment.
2. Cheaper and faster start-up or reduced administrative and regulation burden on SMEs;
3. Finance and taxation;
4. Technology and technology transfer;
5. Market access and getting more out of the Single Market;
6. Human resource development and training;
7. Information access; and
8. Developing stronger, more effective representation of small enterprises’ interests.
ASEAN SME Policy Index

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Sub-dimensions, Indicators, Levels of Policy Reforms
APEN’s SME Credibility Index

- Another index to assess the credibility of SMEs, supported by ERIA
- Helps Asian SMEs in finding the right partners in their new investment, business expansion, and or gaining appropriate financing by proving “credibility”
- Captures five key aspects of SMEs
- Model works initiated in Vietnam

<table>
<thead>
<tr>
<th>Technology</th>
<th>share of the market, patents, spill-over effects, maturity, originality, c.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>the capital ratio, a profit rate, current assets, reserve capital</td>
</tr>
<tr>
<td>Organization</td>
<td>organization balance, personnel system, documentation system, communication</td>
</tr>
<tr>
<td>Continuation</td>
<td>establishment date, numbers of customers, managers talent, business models</td>
</tr>
<tr>
<td>Human power</td>
<td>numbers of employees, per capita sales, human resource level, distribution of age bracket, human resource development system</td>
</tr>
</tbody>
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red circle : an example of a venture firm
Vietnam – Japan

• Kick off meeting of VietNam-Japan Joint working Group in Hanoi March 9, 2012
• Examining and finalizing CIS (April, 2012–)
• Finalizing the implementation mechanism of CIS
• Preparation of implementation of CIS
• Implementation of CIS

Thailand – Japan

• Basic agreement in Bangkok March 2012
• Preparatory works for kick off meeting (April, 2012–)

SME Credibility Index
APEN is the network (incorporated in the future) of Asian Universities / Academic Entities / industries.

APEN has been established on June 6, 2011.

Purpose of APEN

APEN aims at development and diffusion of the PBL (Project Based Learning) methodology all over the Asia, in order to provide sufficient number of qualified top and middle managers in Asian industrial sectors, and thus to contribute Asian prosperity in the 21st century.
Members of APEN

**Founding Members**
Chinese Chapter : Shanghai Jiao Tong University  
Korean Chapter : Pohang University of Science and Technology  
Japanese Chapter : Advanced Institute of Industrial Technology  
Vietnamese Chapter : University of Engineering and Engineering and Technology,  
Vietnam National University, Hanoi

**Newer Members**
**Cambodian Chapter : Institute of Technology of Cambodia**  
Indonesian Chapter : Institut Teknologi Bandung  
Thailand Chapter : Thammasat University  
Malaysia Chapter : Universiti Teknologi Malaysia  
Laos Chapter : National University of Laos  
Singapore Chapter : Nanyang Technological University
APEN’s only One SME Mission  ➔ Robust SME Networking in CLMV

—“Only One” SME mission to CLMV countries from Japan—

- First mission to Vietnam (December 2011).
- The SMEs with world leading high technology in specific areas (“Only One” technology); interests in investment and business expansion in Vietnam.
- Dialogues with key politicians, including the President H.E. Truong Tan Sang.
- Coordinated by APEN (Asia Professional Education Network); supported by ERIA & JETRO.

Mr. Truong Tan Sang, the President of Vietnam (right)

Dr. Nguyen The Phuong, the Vice Minister, Ministry of Planning and Investment of Vietnam (third from the left, first row)
Contacts

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Thank you!