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ERIA POLICY DISCUSSION PAPER No.5

Private Sector Perspectives on MSME Challenges and ASEAN Support Initiatives

Megawati, Dionisius A. Narjoko, Ressita Ramadhani, Cynthia Eka Wahyuni, Gil Gonzales, Anthony Patrick Chua, and Angelito A. Bombarda Jr.

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Micro, small, and medium-sized enterprises (MSMEs) in the Association of Southeast Asian Nations (ASEAN) continue to face interconnected challenges in market access, finance, trade integration, digitalisation, and the green transition. A regional survey of 106 respondents in the 11 ASEAN Member States shows that the category of market access, trade integration, and standards is the most serious constraint, while businesses also face challenges in finding overseas buyers and accessing trade finance. Existing ASEAN MSME initiatives show potential but have limited reach: overall awareness is only 20.75%, while 80.2% of respondents have never participated in ASEAN's MSME initiatives.

This paper consequently recommends strengthening regional coordination and connectivity, making market access and internationalisation a core function, establishing a single navigation and referral mechanism, integrating digital and green transition support, developing structured partnerships, strengthening local and inclusive access, and establishing a regional MSME knowledge and monitoring function. Together, these functions could be institutionalised through a dedicated regional coordination mechanism, potentially including an ASEAN Centre of Excellence for MSMEs that continuously learns from MSME needs, while complementing rather than duplicating existing ASEAN initiatives.

Keywords: ASEAN MSMEs, regional coordination, Centre of Excellence

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1. Introduction

Micro, small, and medium-sized enterprises (MSMEs) constitute more than 95% of all enterprises in the Association of Southeast Asian Nations (ASEAN) (Jalil, Reyes, and Enerio, 2026) and contribute significantly to employment, income generation, entrepreneurship, and regional economic resilience. As ASEAN moves towards deeper regional economic integration under the ASEAN Economic Community Strategic Plan, 2026–2030 (ASEAN, 2025), MSMEs are expected to play an increasingly important role in strengthening regional supply chains, expanding cross-border trade, accelerating digital transformation, and supporting sustainable development.

Over the past decade (2016–2026), ASEAN has introduced numerous initiatives to support MSME development, including programmes related to market access, digitalisation, innovation, entrepreneurship, intellectual property, financing, and the green transition. While these initiatives have expanded considerably, limited evidence is available on how businesses perceive these programmes and whether they effectively address private sector needs.

To bridge this evidence gap, the Economic Research Institute for ASEAN and East Asia (ERIA) and the ASEAN Business Advisory Council (ASEAN-BAC) Philippines conducted a regional survey to capture private sector experiences and priorities. The survey aimed to identify the most pressing business challenges, evaluate the effectiveness of existing ASEAN support mechanisms, and generate evidence-based recommendations for strengthening ASEAN's MSME ecosystem.

2. Methodology and Limitations

This report is based on a regional private sector survey conducted by ERIA and ASEAN-BAC Philippines from 28 July to 30 August 2026. The survey received 106 responses from all 11 ASEAN Member States. Respondents represented different parts of the private sector ecosystem, including MSMEs, start-ups, large enterprises, business associations and chambers, universities and incubators, a law firm, a cooperative, and government-related organisations. The survey collected information on business characteristics; key business constraints; internationalisation and export challenges; digitalisation and green transition needs; awareness of and participation in ASEAN MSME initiatives; perceptions of their effectiveness, efficiency, and inclusiveness; and priorities for future ASEAN support. The analysis primarily used descriptive statistics, including respondent shares, rankings, and mean scores, complemented by qualitative insights from open-ended responses.

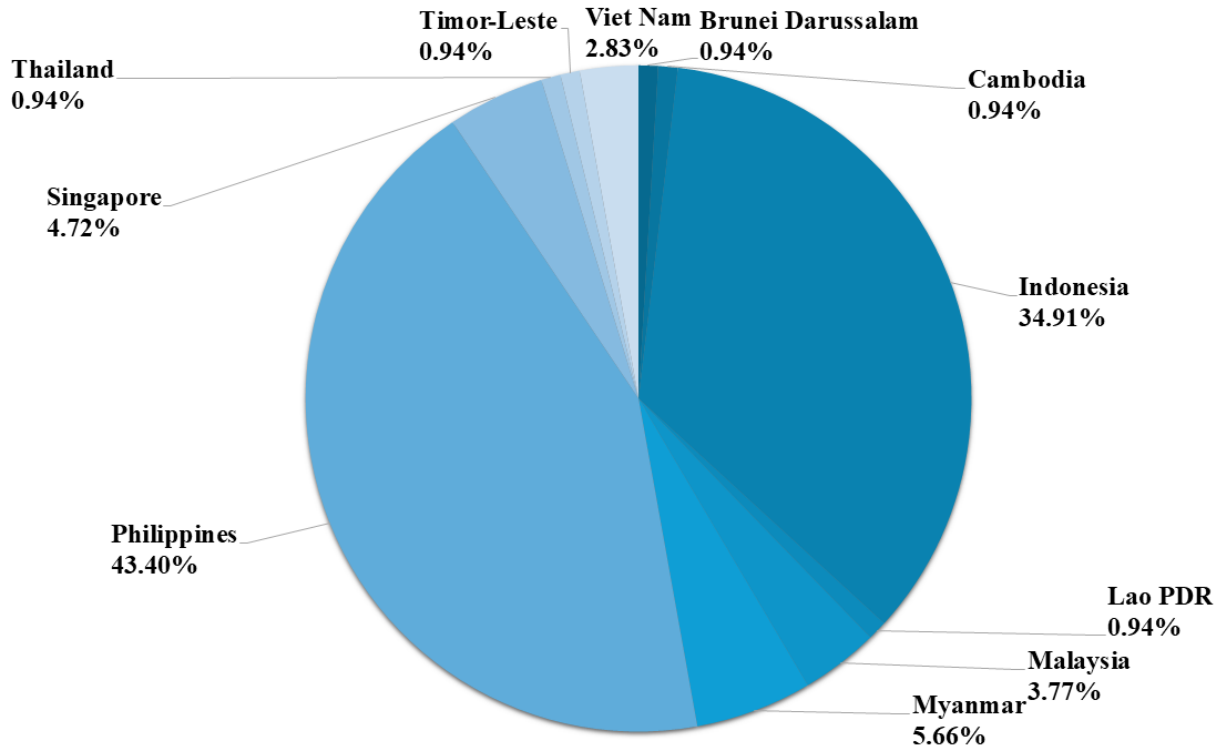
The findings should be interpreted as indicative of the views and experiences of the surveyed respondents rather than statistically representative of the entire ASEAN private sector. Although responses were received from all 11 ASEAN Member States, the geographical distribution is uneven, with respondents concentrated in the Philippines

(43.40%) and Indonesia (34.91%). The number of respondents also varies across business types, sectors, and countries, limiting direct comparisons between some subgroups. In addition, assessments of ASEAN initiatives are based on a smaller group of respondents who had participated in such programmes; 21 of the 106 respondents reported participation, while the remaining 85 respondents had never participated. Survey responses are self-reported and therefore reflect respondents' perceptions and experiences rather than objectively verified business outcomes. Accordingly, the findings are most useful for identifying common patterns, gaps, and areas for further study.

3. Profile of Survey Respondents

A total of 106 responses were received from 11 ASEAN Member States, with the survey conducted from 28 July to 30 August 2026. Most of the respondents are based in the Philippines (43.40%) and Indonesia (34.91%), while some reside in Singapore (4.72%), Myanmar (5.66%), Malaysia (3.77%), and Viet Nam (2.83%). The remaining respondents operate in other ASEAN Member States: Brunei Darussalam, Cambodia, the Lao People's Democratic Republic (Lao PDR), Thailand, and Timor-Leste (Figure 1).

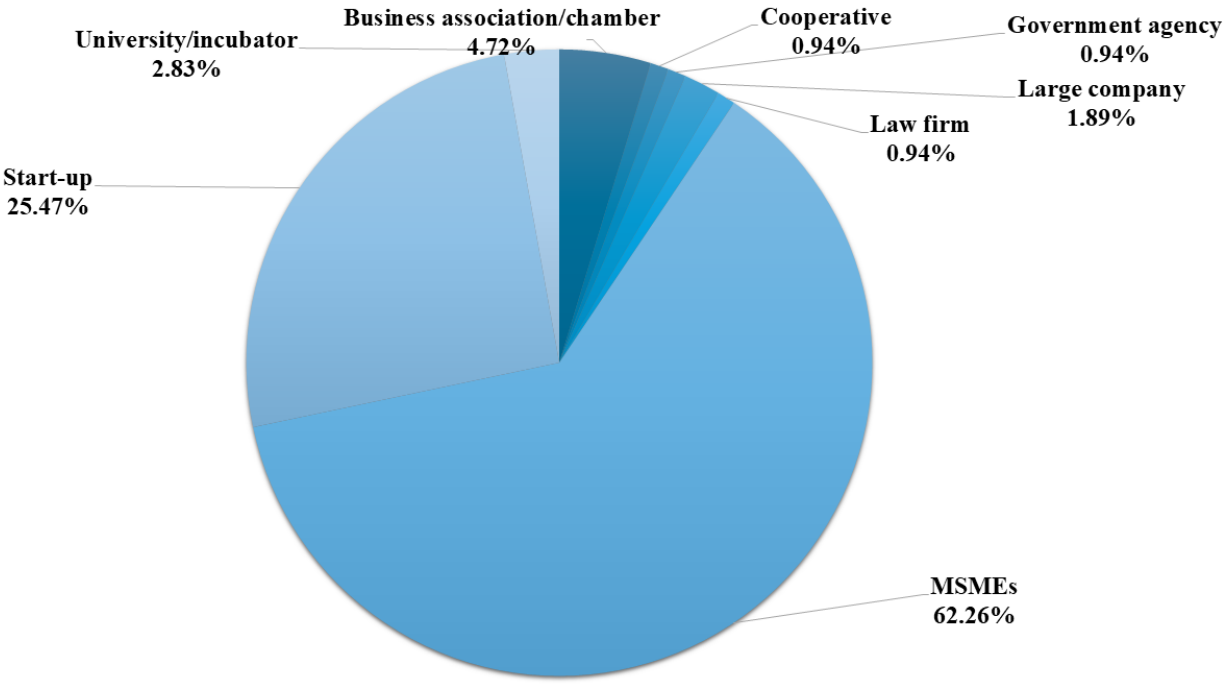
Figure 1. Distribution of Respondents by Country



Source: Authors.

Respondents represented a diverse cross-section of ASEAN's private sector ecosystem, including MSMEs, large enterprises, start-ups, financial institutions, business associations, universities and incubators, digital platforms, investors, and government-related organisations. MSMEs account for the largest share of respondents, at 62.26%. The second-largest group of respondents comprises start-ups at 25.47%, followed by business associations and chambers at 4.72%. Universities or incubators account for 2.83%, whereas 1.89% represent larger firms (Figure 2).

Figure 2. Distribution by Organisation Type



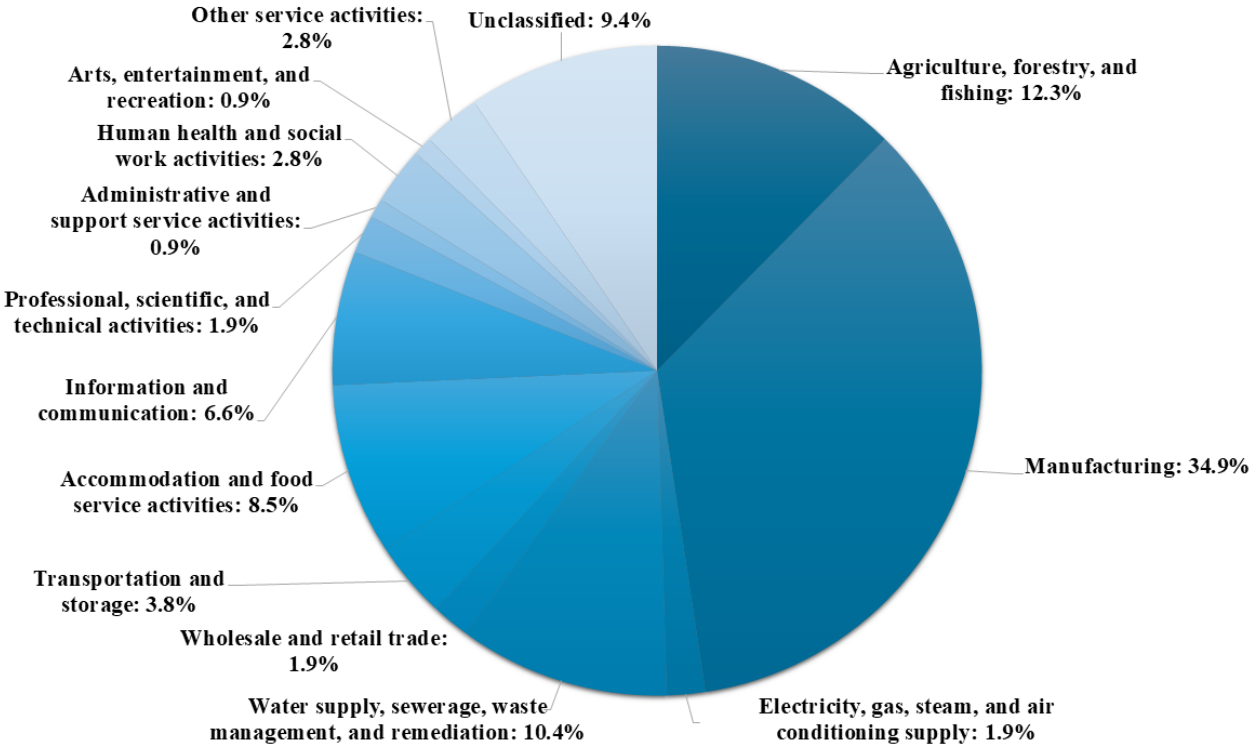
MSMEs = micro, small, and medium-sized enterprises.
Source: Authors.

The vast majority of respondents (98.11%) operate enterprises classified according to the number of employees as micro (less than 10 employees), small (10–49 employees), and medium-sized (50–200 employees): 54.72% micro, 35.85% small, and 7.55% medium-sized. Large firms with more than 200 employees account for only 1.89% of the total respondents. Of the total respondents, 38.68% represented women-led businesses, followed by 24.53% youth-led enterprises, and 18.87% businesses jointly owned by women and youth. Meanwhile, 17.92% of the businesses were led by neither women nor youth.

Respondents' enterprises operate across multiple sectors, including manufacturing, agriculture, food processing, tourism, logistics, information and communication technology, professional services, retail, fisheries, and creative industries. According to the International Standard Industrial Classification of All Economic Activities

(International Labour Organization, n.d.), the largest proportions of respondents are engaged in manufacturing (34.91%); agriculture, forestry, and fishing (12.26%); and wholesale and retail trade (9.43%) (Figure 3).

Figure 3. Proportion of Respondents by Business Sector
(according to ISIC revision 4 classification)

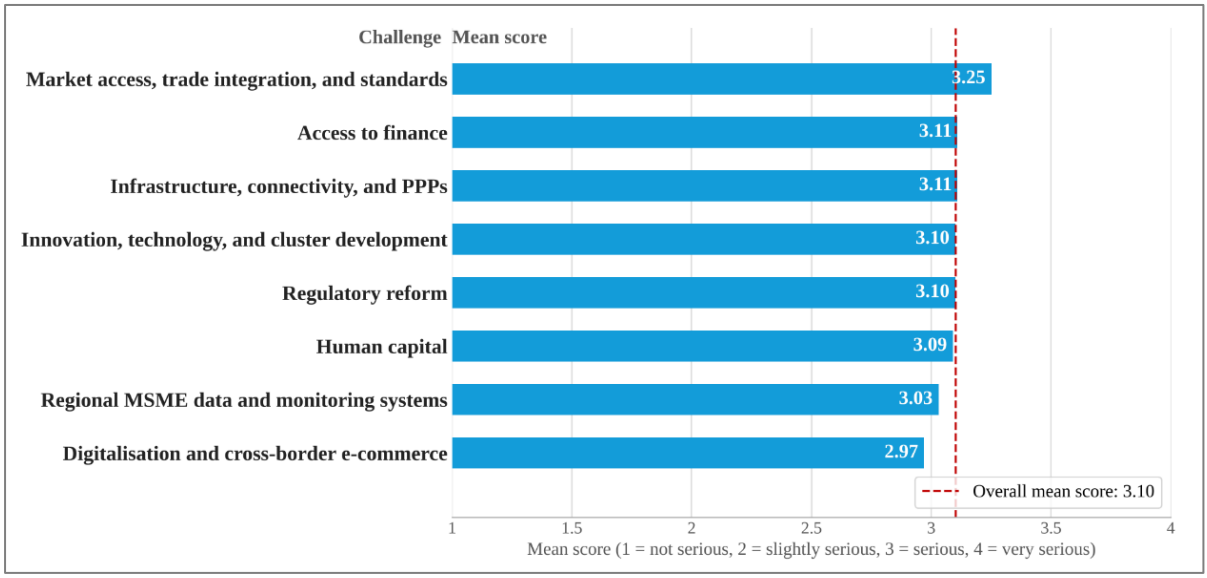


ISIC = International Standard Industrial Classification of All Economic Activities.
Notes:
[1] Other service activities consist of beauty and wellness, watch repair and services, and wellness services.
[2] Unclassified, meaning the business operates in multiple sectors, such as energy, marine, construction, infrastructure, and consulting.
Source: Authors.

4. Multiple Structural Constraints Facing Businesses

The survey confirms that ASEAN businesses continue to face a wide range of interconnected structural constraints that affect their competitiveness and growth. Overall, respondents identified the category of market access, trade integration, and standards as the most serious obstacle. The second biggest obstacle is infrastructure, connectivity, and public–private partnerships (PPPs), along with access to finance, which had mean scores of 3.11. Regulatory reform, as well as innovation, technology, and cluster development, represent the third most important issue, with mean scores of 3.10. Respondents generally view the challenges across the eight categories as serious, with an overall seriousness mean score of 3.10 out of 4 (Figure 4).

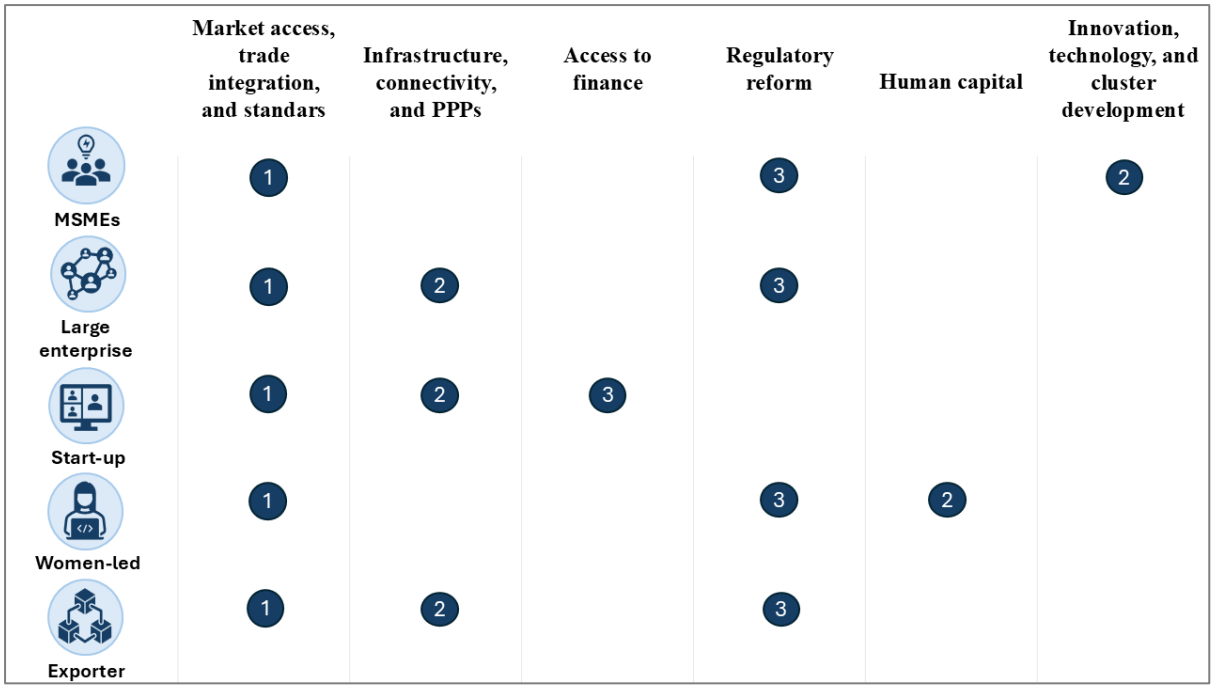
Figure 4. Average Seriousness Score of Business Challenges



e-commerce = electronic commerce; MSMEs = micro, small, and medium-sized enterprises; PPP = public–private partnership.
Source: Authors.

Similar concerns emerge across different firm sizes and business types. MSMEs, start-ups, women-led enterprises, and exporters reported significantly greater concerns regarding market access, trade integration, and standards. Larger firms expressed equally great concerns regarding market access, trade integration, and standards; infrastructure, connectivity, and PPPs; access to finance; and regulatory reform. This finding indicates the need to improve support for private businesses to access overseas markets, facilitate participation in cross-border trade, and provide better guidance on understanding the standards (Figure 5).

Figure 5. Top Three Challenges based on Business Type



MSMEs = micro, small, and medium-sized enterprises; PPP = public–private partnership.
Source: Authors.

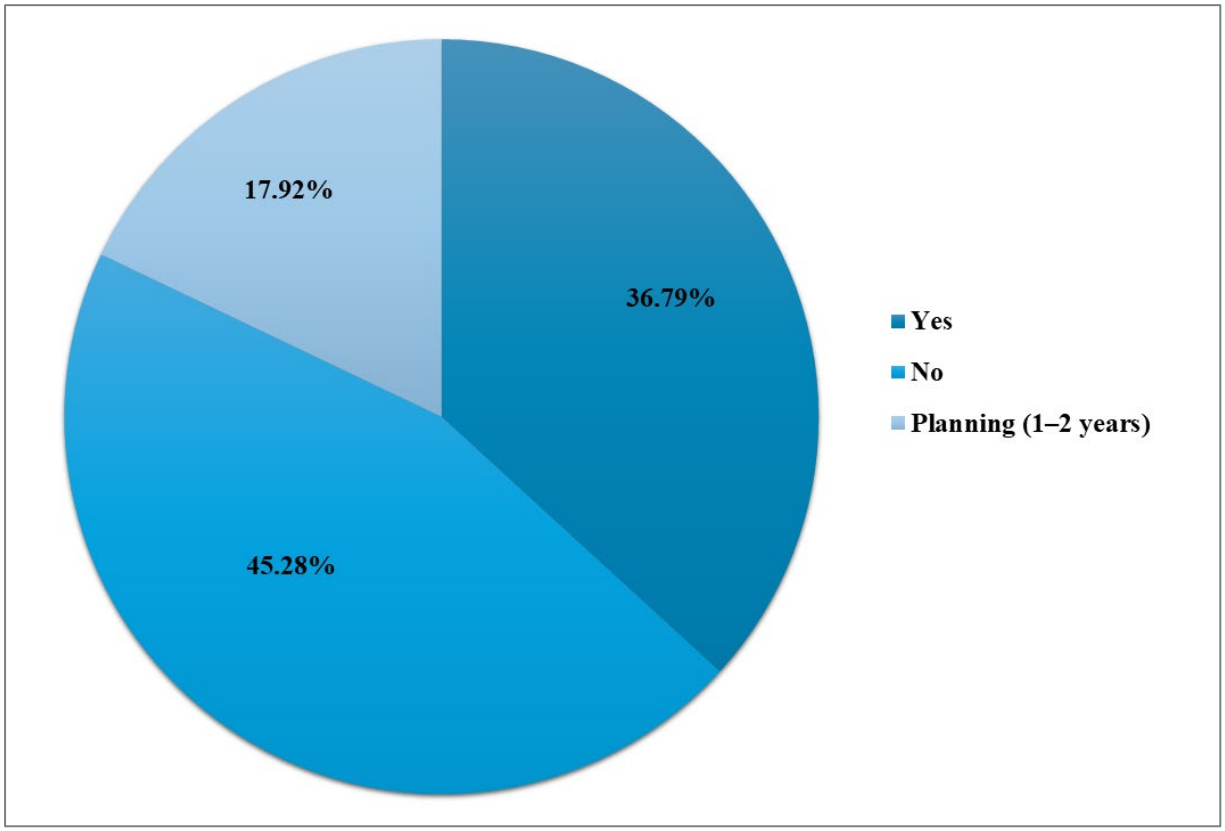
Another challenge is infrastructure, connectivity, and PPPs as experienced by large enterprises, start-ups, and exporters. These facilities are essential for streamlining business expansion and promoting cross-border trade. While women-led businesses identify human capital as the second most significant concern, MSMEs cite innovation, technology, and cluster development as their secondary concern. Given their limited capital, MSMEs need enhanced support to foster innovation, incorporate technology into operations, and fund product research and development.

The next challenge is regulatory reform, as expressed by MSMEs, large enterprises, women-led businesses, and exporters. This finding indicates that complex bureaucratic processes and high compliance costs remain a burden on enterprises, underscoring the need for policy reform to optimise business growth and development. For start-ups, access to finance constitutes the third-biggest challenge, indicating the need for additional funding channels to support business sustainability. These findings suggest that strengthening ASEAN MSME competitiveness requires a comprehensive ecosystem approach combining finance, business development services, logistics, regulatory simplification, innovation support, and market access.

5. Challenges Involved in Expanding Beyond Domestic Markets

Internationalisation continues to represent a significant strategic objective for ASEAN businesses. Amongst the respondents, 36.79% currently export their products or services, while 17.92% plan to begin exporting within the next 2 years (Figure 6).

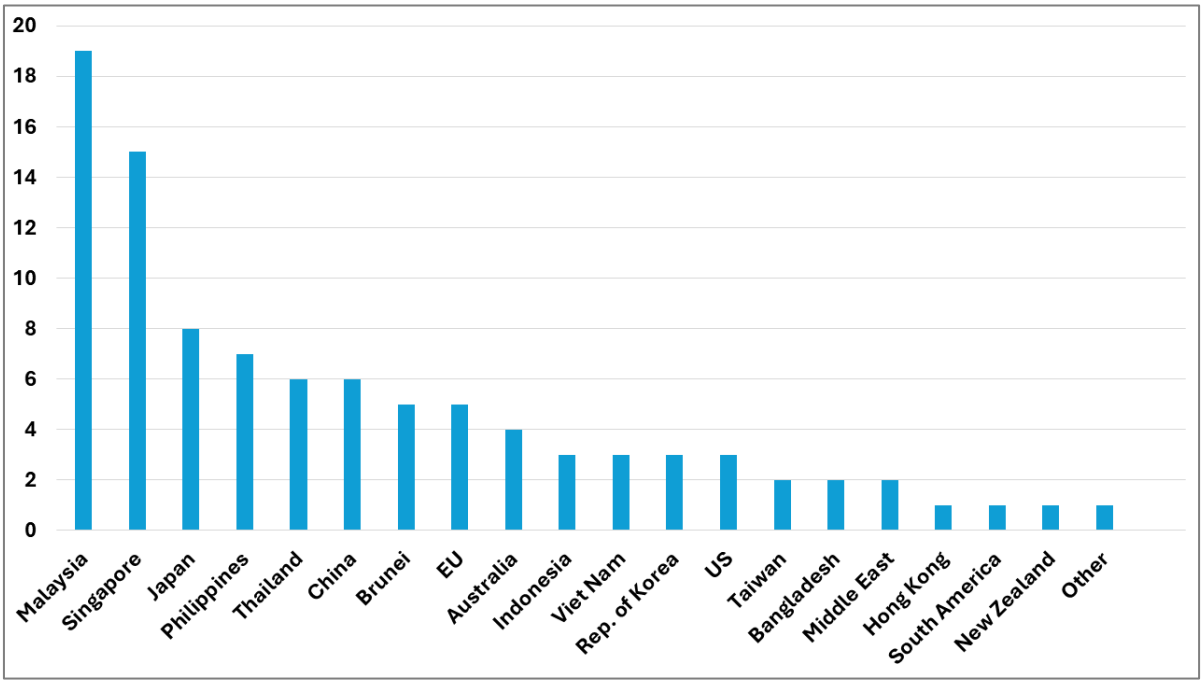
Figure 6. Export Status of Respondents



Source: Authors.

The top three export destinations for current exporters are Malaysia (19.59%), Singapore (15.46%), and Japan (8.25%) (Figure 7).

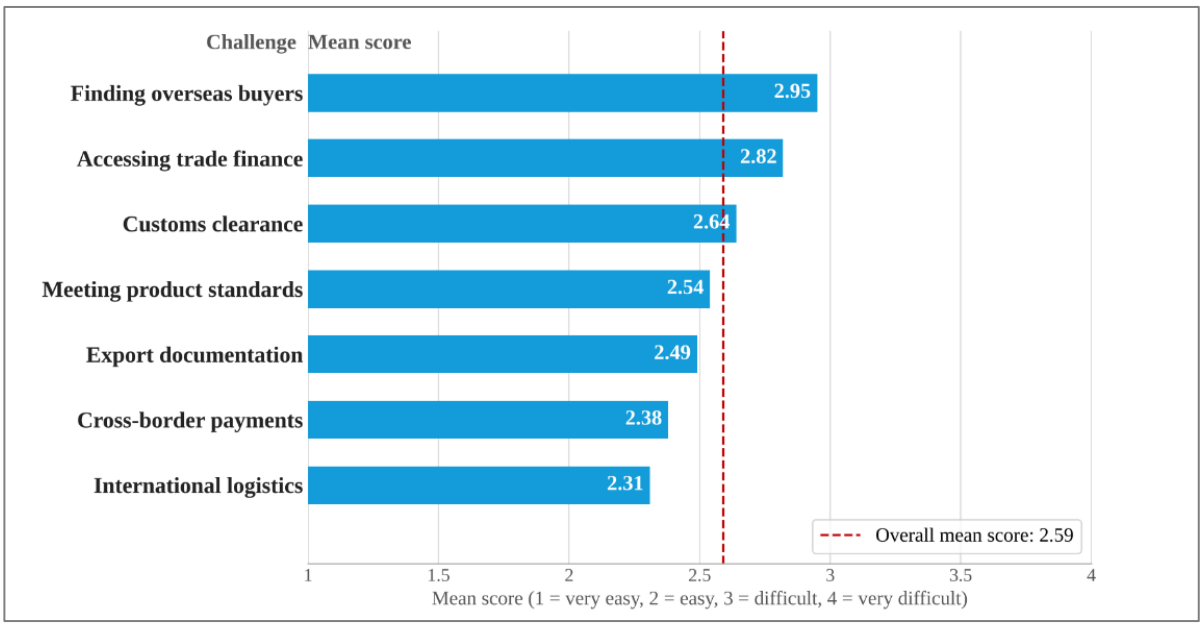
Figure 7. Export Market Destinations



EU = European Union, US = United States.
Note: Middle East includes Saudi Arabia. 'Other' refers to Asia in general.
Source: Authors.

However, businesses continue to encounter considerable obstacles when entering international markets, especially in finding overseas buyers (mean score: 2.95), followed by accessing trade finance (mean score: 2.82) and customs clearance (mean score: 2.64). The overall mean score for the difficulty of export process is 2.53, indicating a range from easy to difficult (Figure 8). This suggests that businesses amongst the respondents have been able to handle and manage their export operations well, although some challenges remain.

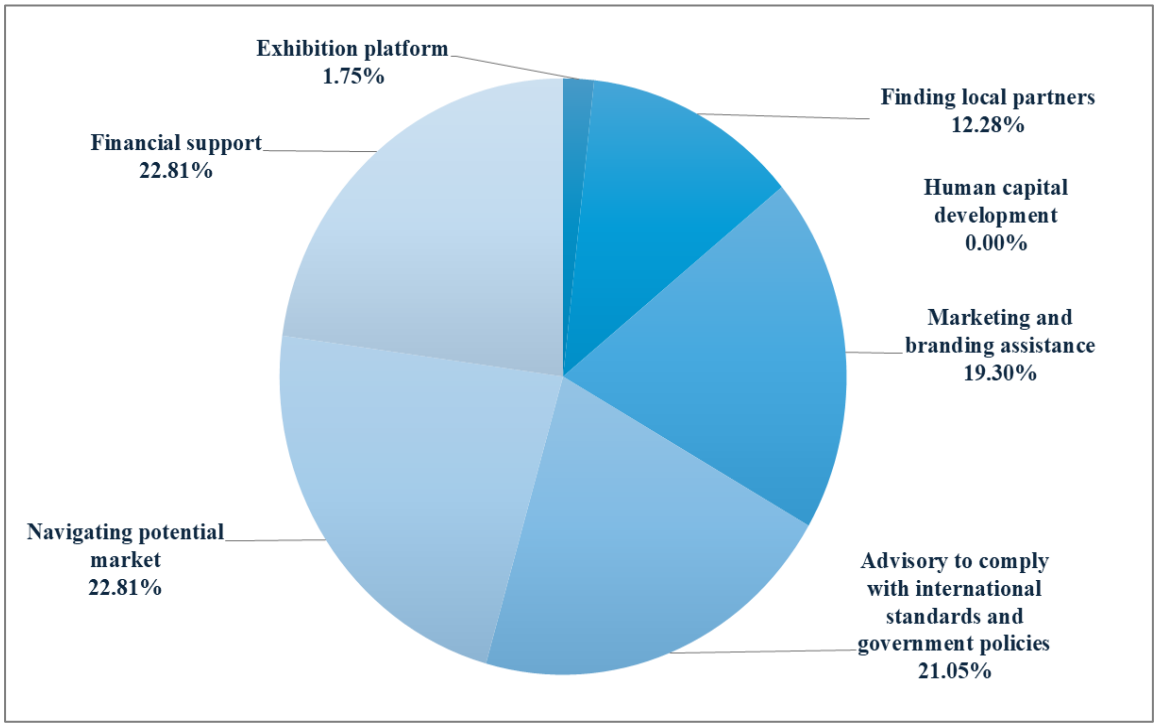
Figure 8. Difficulty of Export Processes



Source: Authors.

When asked what type of support would most effectively facilitate business expansion, respondents most frequently identified navigating potential markets (22.81%), financial support (22.81%), and advisory services to better understand and comply with international standards and government policies (21.05%) as the top three forms of assistance they expected (Figure 9).

Figure 9. Expected Support for Business Expansion



Source: Authors.

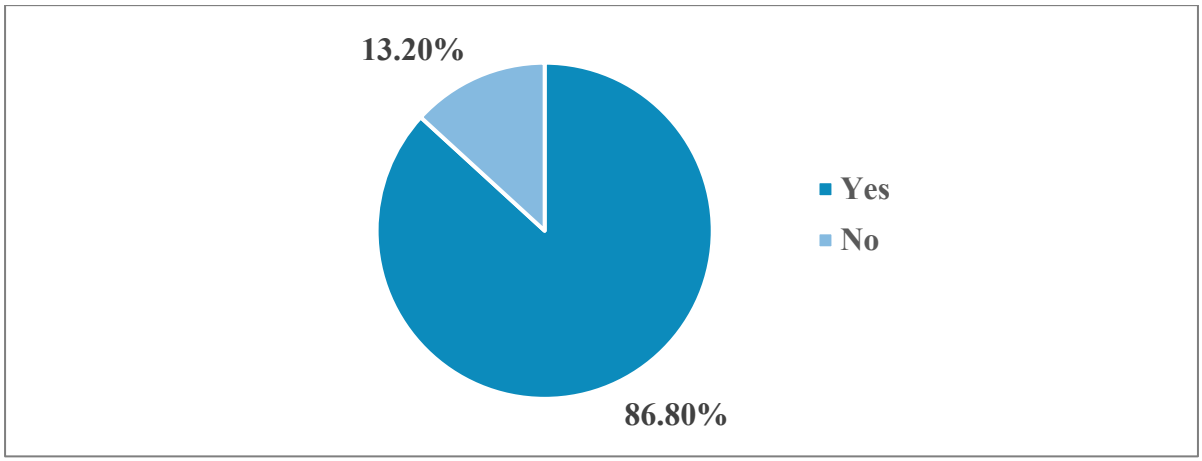
These findings indicate that future ASEAN support should increasingly prioritise practical trade facilitation, export acceleration, and business matchmaking rather than focusing solely on awareness-building activities.

6. Implementation of Digital and Green Transition Strategic Priorities

6.1. Digital Adoption

The survey shows that digital transformation has become an essential component of business competitiveness. About 86.8% of respondents indicated that they currently use digital technologies within their operations, while 13.2% have yet to adopt digital solutions (Figure 10).

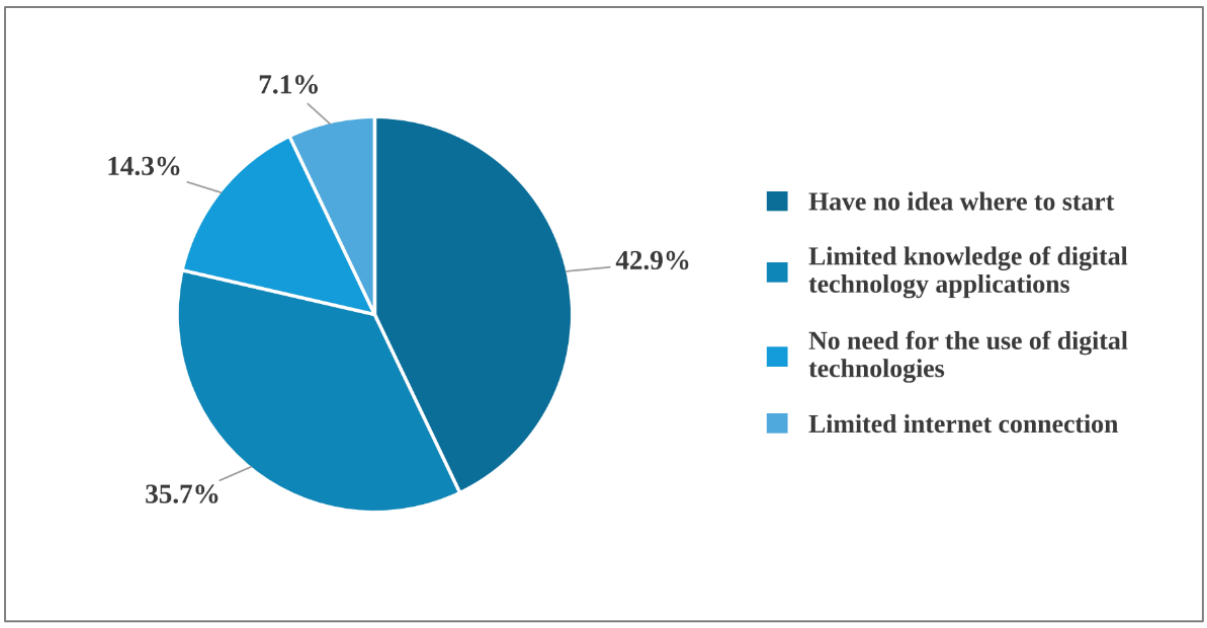
Figure 10. Digital Adoption Rate



Source: Authors.

Respondents who have not adopted digital technologies said that the main reason is that they do not know where to start and have limited knowledge of how to use digital technology (Figure 11).

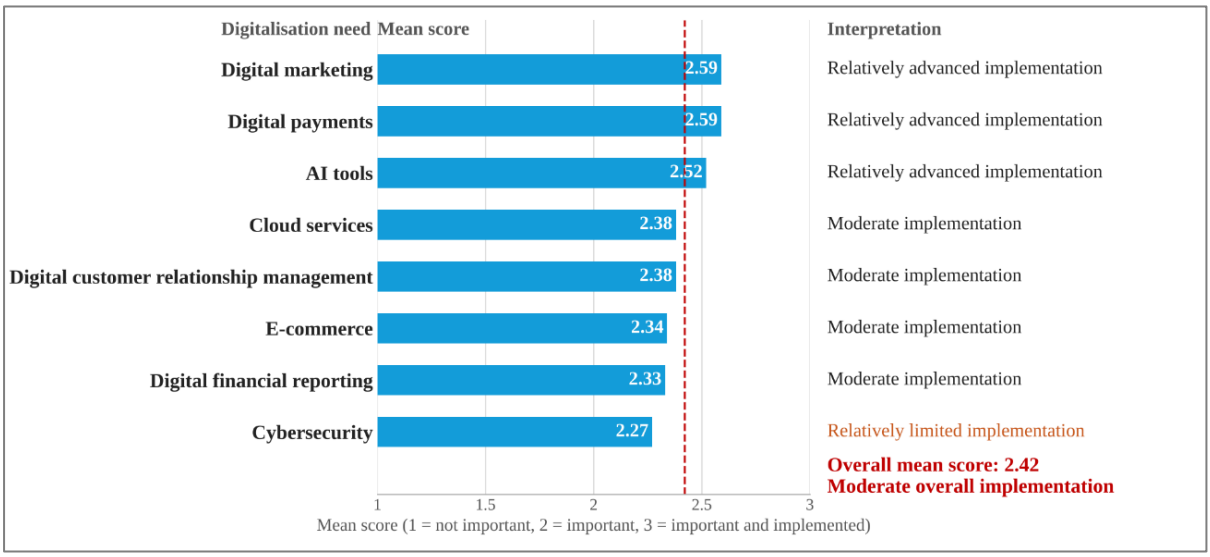
Figure 11. Reason for Not Adopting Digital Technology



Source: Authors.

The overall mean score for digitalisation needs is 2.42 out of 3 (Figure 12), indicating that businesses generally consider digital capabilities important, though they implement them to varying degrees. Digital marketing and digital payments recorded the highest mean score (2.59), followed by artificial intelligence (AI) tools (2.52). In contrast, cybersecurity (2.27) had the lowest mean scores, indicating that businesses may recognise its importance to their digitalisation needs but have not put this awareness into practice.

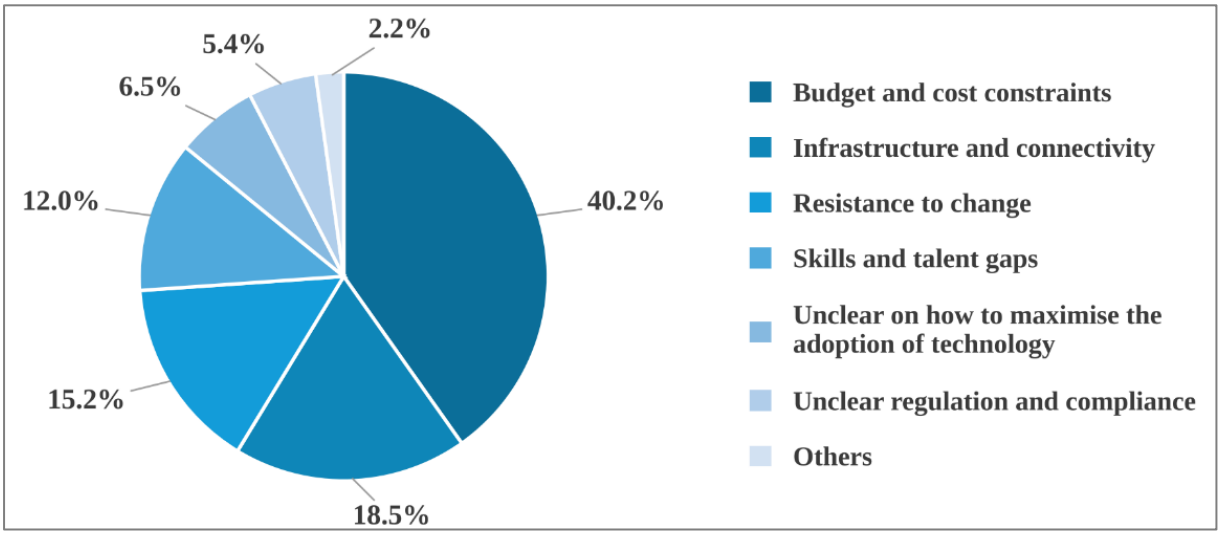
Figure 12. Importance of Digitalisation



AI = artificial intelligence.
Source: Authors.

This points to a potential need for greater support in cybersecurity awareness, skills, affordable solutions, and practical guidance – particularly to ensure that activities are safe as MSMEs expand their use of digital platforms, e-commerce, and digital payments. However, adoption remains constrained by budget and costs (40.2%), inability to maximise adoption (18.5%), and skills and talent gaps (15.2%) (Figure 13).

Figure 13. Barriers to Digital Adoption



Source: Authors.

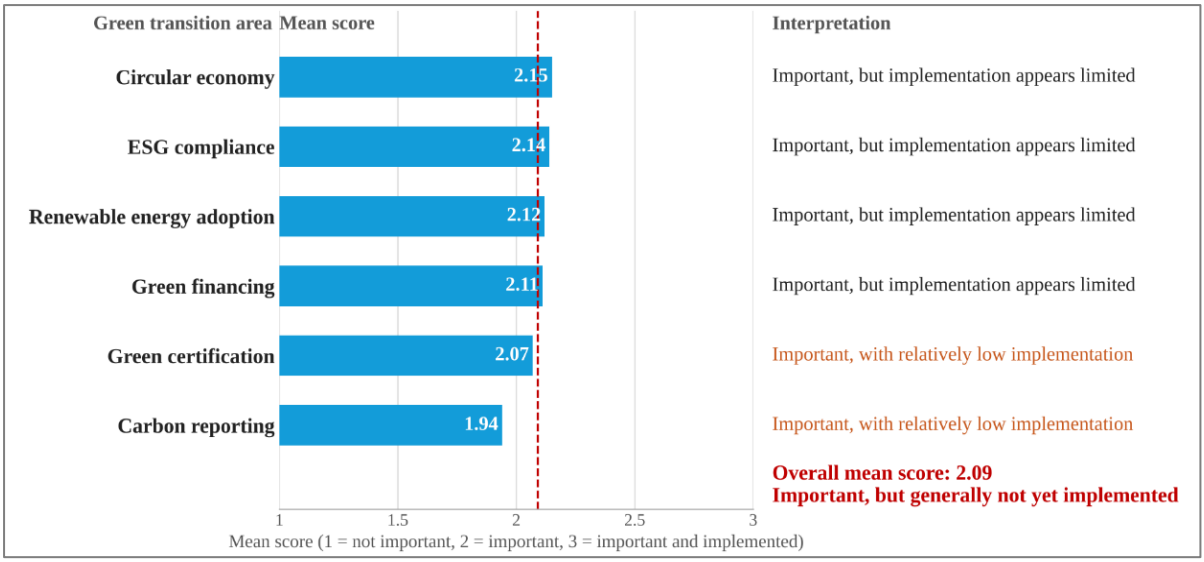
6.2. Green Transition

Similarly, businesses increasingly recognise the importance of green transition initiatives.

Respondents rated the circular economy; environmental, social, and governance (ESG) compliance; and renewable energy adoption as the most important sustainability priorities for future competitiveness.

The overall mean score for green transition measures is 2.09 out of 3, indicating that businesses generally regard green transition practices as important, although their implementation remains limited. Overall, the results show a gap between the perceived importance of the green transition and businesses' readiness or ability to translate green transition importance in action, especially in their day-to-day reporting (Figure 14).

Figure 14. Green Transition Mean Score



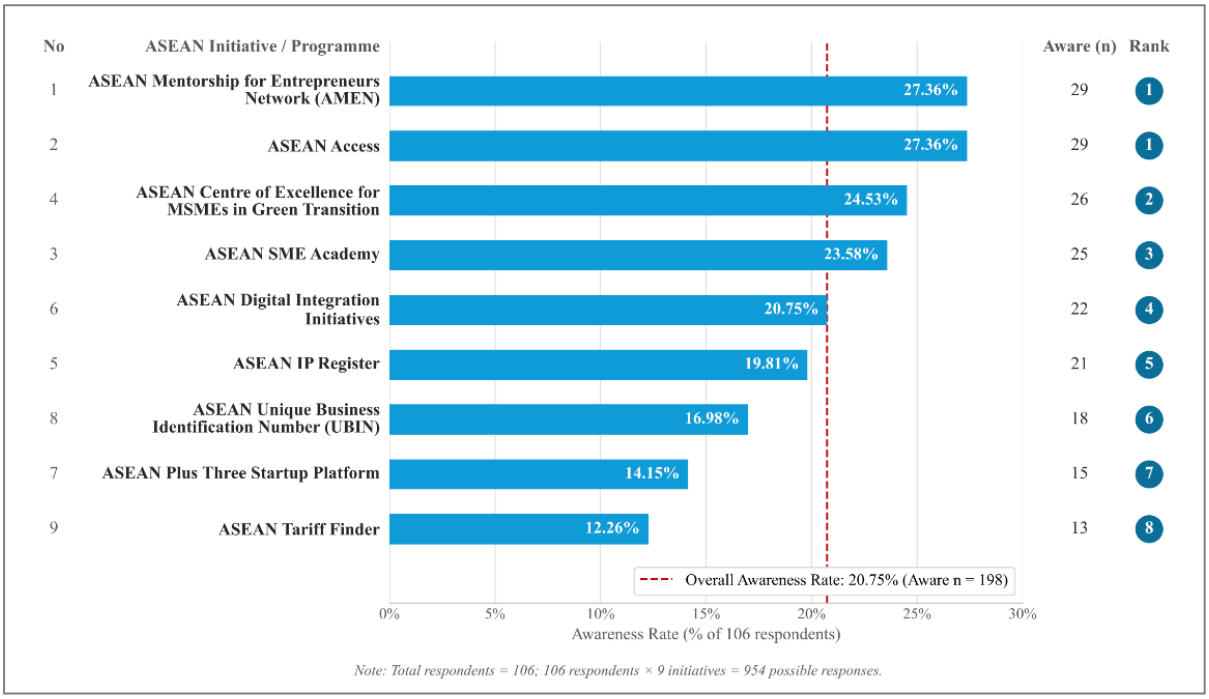
ESG = environmental, social, and governance.
Source: Authors.

The results in this section suggest that digital transformation and sustainability should increasingly be addressed as complementary policy priorities rather than separate agendas. This aligns with Skidmore et al. (2026), which treated environmental sustainability as a cross-cutting theme for ASEAN MSME engagement in e-commerce rather than a stand-alone track.

7. Reach of Current ASEAN Initiatives

This section presents the level of awareness of existing ASEAN initiatives and programmes. One of the survey's most notable findings concerns the relatively limited awareness and utilisation of existing ASEAN MSME initiatives. Across the nine initiatives assessed, the overall awareness rate is only 20.75%, indicating that only one in five programmes reflects prior awareness amongst respondents (Figure 15).

Figure 15. ASEAN Initiative Awareness



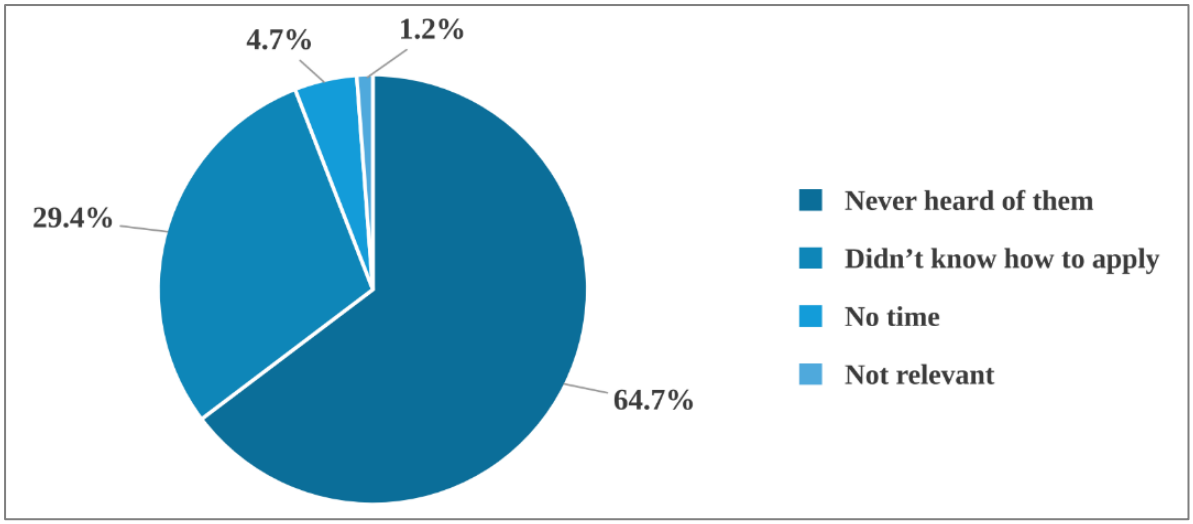
ASEAN = Association of Southeast Asian Nations; IP = intellectual property; MSMEs = micro, small, and medium-sized enterprises; SMEs = small and medium-sized enterprises.
Note:
ASEAN Digital Integration Initiatives refer to all initiatives that support the advancement of digitalisation and the application of emerging technologies, as guided by relevant ASEAN agendas such as the Digital Economy Framework Agreement (DEFA), the Digital Integration Framework (DIF), the ASEAN Digital Masterplan (ADM) 2030, Seamless Digital Payments, the ASEAN Single Window (ASW), and Cybersecurity Cooperation.
Source: Authors.

These findings indicate that the challenge may not solely concern the availability of ASEAN MSME initiatives, but also their visibility, discoverability, communication, and accessibility to businesses. The consistently low awareness rates across programmes point to a potential need for stronger mechanisms to connect businesses with existing ASEAN support, improve information dissemination, and facilitate navigation across available programmes (Chareonwongsak, 2025; Skidmore et al., 2026: 62).

Of the 106 respondents, 80.2% (85) reported that they have never participated in a programme related to ASEAN MSMEs. Meanwhile, 19.8% (21 respondents) of the respondents reported involvement primarily with the ASEAN Mentorship for Entrepreneurs Network initiative.

Amongst the 80.2% respondents who have never participated in ASEAN initiatives, 64.7% indicated that they were unaware of the initiatives, while 29.4% reported that they did not know how to apply. Some 4.7% of respondents indicated that the initiatives were not relevant, while 1.2% reported lacking the time to participate (Figure 16).

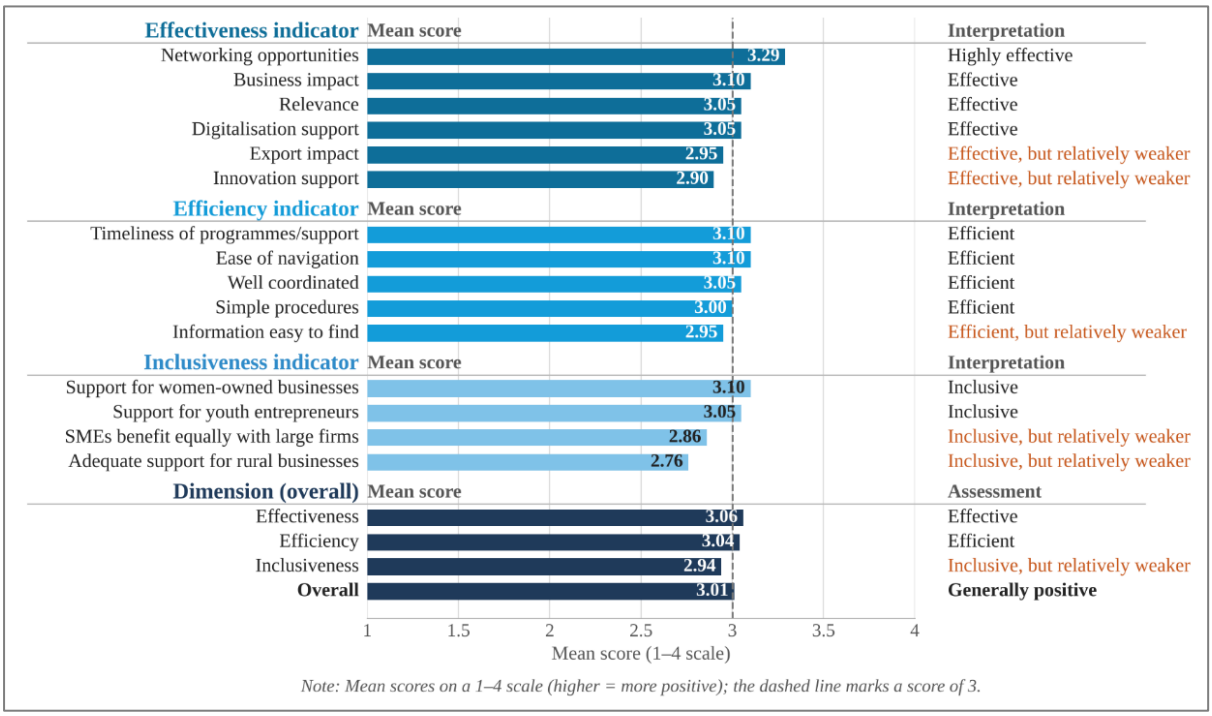
Figure 16. Reasons Why Respondents Have Not Participated in Any ASEAN Initiatives



ASEAN = Association of Southeast Asian Nations.
Source: Authors.

For respondents who have participated in ASEAN initiatives, the survey results indicate a generally positive assessment of the ASEAN support efforts, though opinions vary across the three dimensions of effectiveness, efficiency, and inclusiveness. However, inclusiveness is perceived as weaker (Figure 17).

Figure 17. Effectiveness-Efficiency-Inclusiveness of ASEAN Initiatives



ASEAN = Association of Southeast Asian Nations.
Source: Authors.

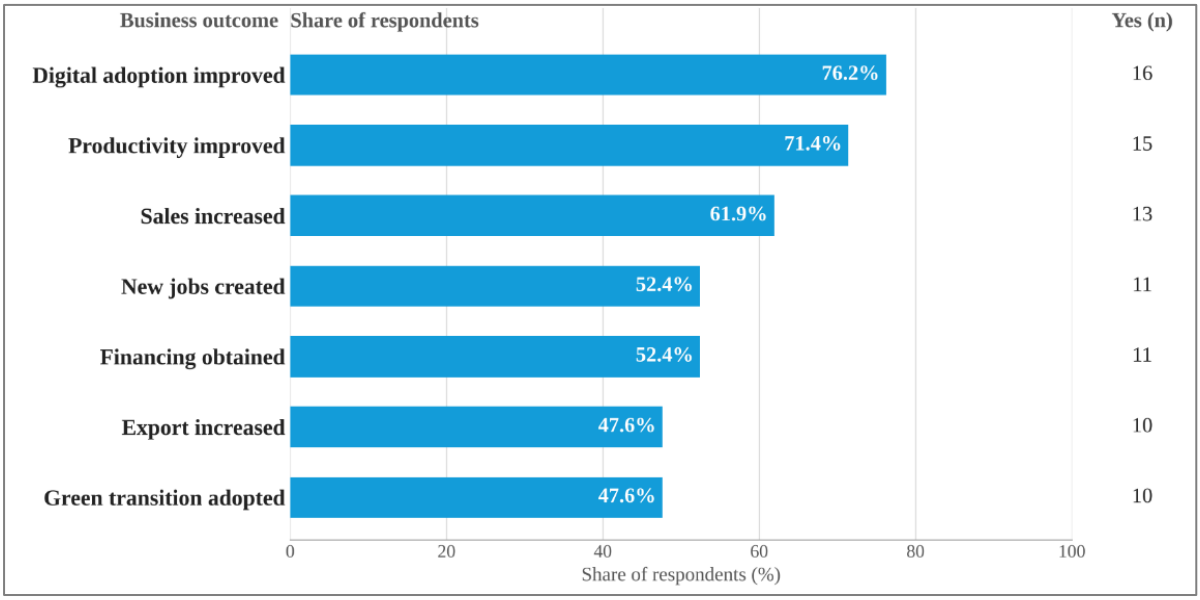
For effectiveness, networking opportunities receive the highest score (3.29), followed by business impact (3.10) and relevance (3.05).

For efficiency, timeliness of programmes/support and ease of navigation both have the highest mean (3.10), whereas the indicator measuring ASEAN initiates/programmes as well coordinated attains a mean score of 3.05. Respondents also consider the procedures to be simple, with a score of 3.00, while the weak indicator for ease of finding information is rated lower at 2.95.

For inclusiveness, support for women-owned businesses received the highest score (3.10), while support for youth entrepreneurs scored 3.05. However, the scores are notably lower for small and medium-sized enterprises receiving support comparable to that of large firms (2.86) and for adequate support provided to rural businesses (2.76). These are important potential inclusion gaps and indicate the need for interventions that could be implemented across all locations where businesses operate, including rural areas.

Most importantly, businesses that took part in ASEAN initiatives reported tangible improvements in digital adoption, productivity improvement, and increased sales. This suggests that increasing participation may generate considerably greater regional impact than creating entirely new programmes (Figure 18).

Figure 18. Business Outcomes from Participating ASEAN Initiatives



ASEAN = Association of Southeast Asian Nations.
Note: Total respondents = 21; respondents could select more than one outcome.
Source: Authors.

More than half of the respondents also report increases in new job creation and access to finance. However, exports and the adoption of green transition practices are less

frequently reported, suggesting that these areas may require greater attention or more targeted forms of support. These survey results are consistent with Skidmore et al. (2026: 7, 63), which noted that MSMEs account for 97.2% to 99.9% of enterprises and about 85% of employment in ASEAN, but generate only around 18% of national exports. The gap between the domestic significance of MSMEs and their contribution to exports is similar to what is seen here, where firms report gains in employment and financing more often than in export performance.

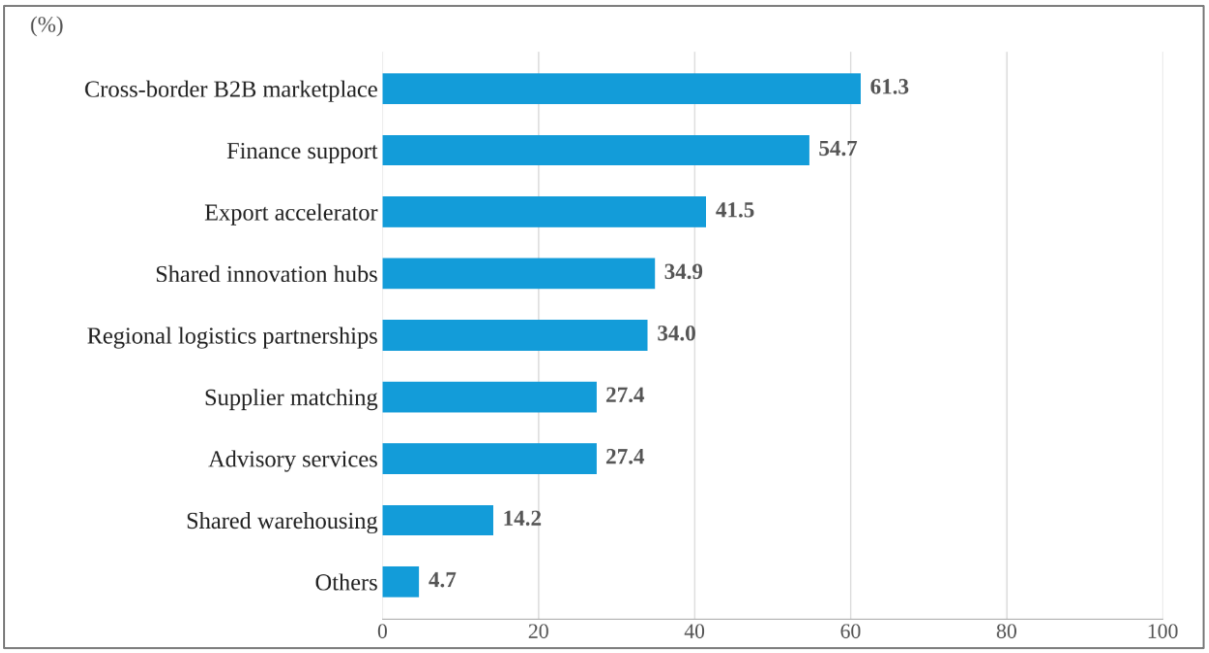
During this survey, respondents were asked to suggest successful initiatives or programmes from their own countries that should be replicated across ASEAN. The responses highlight a strong preference for practical MSME programmes that combine capacity building with direct access to markets, finance, technology, and business networks. Frequently cited initiatives include export coaching and mentoring, business matching, international exhibitions, incubation and acceleration programmes, financial support, and supply chain linkages such as the Philippines' Kapatid Mentor ME (KMME) (Go Negosyo, n.d.) and One Town, One Product (OTOP) (Department of Trade and Industry, n.d.); Singapore's Enterprise Singapore (n.d.) and SkillsFuture (n.d.); and Viet Nam's National Innovation Centre (n.d.). Respondents also highlighted digital and financial solutions such as Indonesia's Quick Response Code Indonesian Standard (QRIS) and MSME digitalisation programmes and the Lao PDR's interoperable payment infrastructure, indicating opportunities to strengthen cross-border payments, digital capabilities, financial inclusion, and regional market access.

Overall, the responses suggest that ASEAN could build on successful national initiatives rather than developing entirely new approaches. Existing programmes across Member States demonstrate useful models for mentoring, market access, digitalisation, financing, innovation, local value addition, and public–private collaboration. ASEAN could therefore play a stronger role in identifying successful national practices, facilitating knowledge exchange, and adapting and scaling suitable models across Member States, while allowing implementation to reflect different national and local contexts.

8. Need for More Practical Support for Businesses from ASEAN

Respondents consistently emphasised the importance of practical business support rather than creating more policy frameworks. The top future ASEAN priorities recommended for support are outlined in Figure 19.

Figure 19. Ranking of Future ASEAN Priorities
(%)



ASEAN = Association of Southeast Asian Nations, B2B = business to business.
Source: Authors.

Finally, respondents stated that the most impactful partnerships involve collaboration through PPPs (Figure 20). The survey results show that strong respondents strongly support partnership-based approaches to MSME development. Across the seven proposed partnership arrangements, the overall mean score is 3.25 out of 4, and about 82.3% of all responses rate the proposed partnerships as either 'impact' or 'greatest impact'.

The highest assessment is recorded for government + international organisations, followed closely by government + business associations, which both fall within the very high impact category at 85.8%. This suggests that respondents place particular value on combining government support with the technical expertise, international networks, resources, and development experience of international organisations, as well as with the direct business networks and private sector representation provided by business associations.

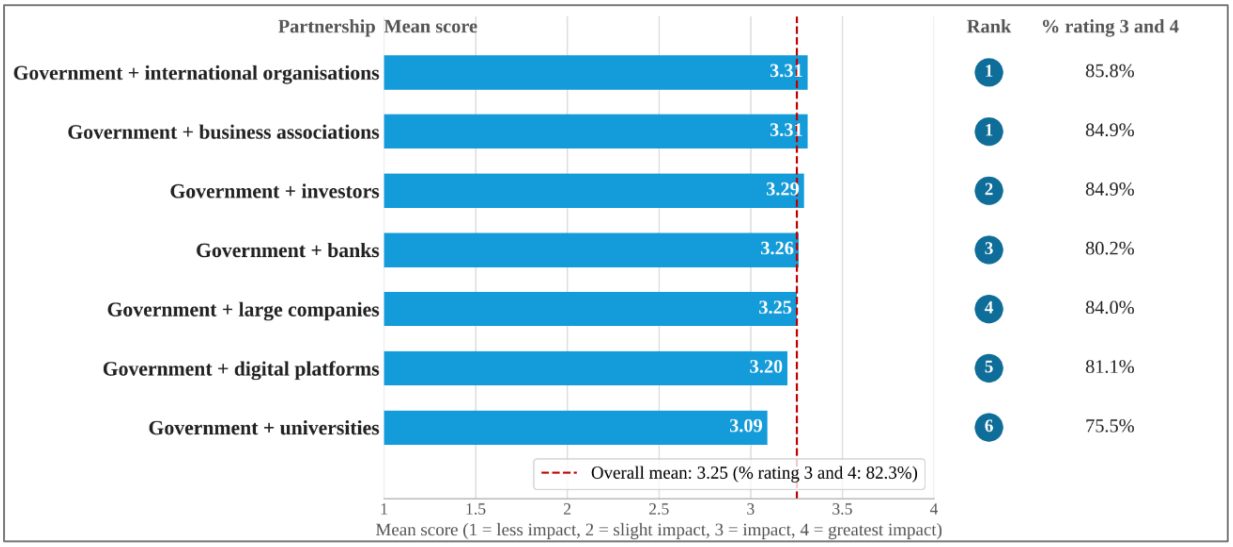
Partnerships between government + investors and government + banks also receive strong evaluations. These findings highlight the importance of connecting MSME policy and support mechanisms with access to finance and investment. Government + large companies and digital platforms are all seen as having a high impact. This suggests that there are opportunities to connect MSMEs with supply chains, markets, technology, e-commerce, and digital business ecosystems (Skidmore et al., 2026: 21–22).

Although government + universities collaboration records the lowest mean amongst the seven options, it remains within the high impact category, with 75.5% of respondents rating the partnership as having an impact or the greatest impact. Universities should therefore not be interpreted as unimportant; rather, respondents appear to assign greater immediate impact to partnerships involving international organisations, business associations, financial actors, and market-oriented private sector partners.

Overall, the results indicate that MSME development would benefit from a multi-stakeholder partnership model rather than reliance on government acting independently. Different partners can provide complementary functions, ranging from financing and investment to market access, technology, capacity building, business networks, innovation, and international expertise.

These findings reinforce the importance of strengthening ecosystem-based collaboration involving governments, financial institutions, universities, business associations, digital platforms, investors, and international organisations.

Figure 20. Suggested Partnership Models



Source: Authors.

Based on this interpretation, it is essential for ASEAN to improve the MSME ecosystem by strengthening partnerships with the identified options. This includes:

- **Adopting a multi-stakeholder partnership model rather than a single-partner approach:** Since every proposed partnership records a relatively high score, the results support an ecosystem model in which government acts as a facilitator and coordinator, while different partners deliver complementary functions.
- **Prioritising international organisations and business associations as strategic coordination partners:** With a score of 3.31, these actors could serve as important

intermediaries. International organisations can provide technical assistance, international networks, and development resources, while business associations can link regional initiatives more directly to real business needs and MSMEs.

- **Building a dedicated finance and investment partnership mechanism:** The strong scores for investors (3.29) and banks (3.26) indicate that partnerships should move beyond training and information provision towards connecting MSMEs with financing, investment readiness, financial institutions, and potential investors.
- **Partnering with large companies and digital platforms to access markets**: Rather than treating these actors primarily as programme sponsors, they could provide concrete pathways for MSMEs to enter regional supply chains, e-commerce channels, procurement opportunities, business matching, and export markets.
- **Positioning universities as expert partners in skills and innovation**: Although universities receive the lowest relative score (3.09), this score still shows a strong perceived impact. Their role could focus on skills development, incubation, technology adoption, innovation, research, entrepreneurship, and evidence-based policy support, rather than acting as the main coordinating institution.

Additional open comments from the survey reinforce the strong demand for more practical, accessible, and market-oriented ASEAN support for MSMEs. Respondents repeatedly call for easier access to regional markets and finance, export assistance, business matching, buyer connections, digital transformation, certification, and simpler cross-border regulations and procedures. Several responses also stress that ASEAN programmes need much better promotion and information dissemination, as many MSMEs remain unaware of the available initiatives or do not know how to access them. Respondents therefore favour support that goes beyond training to provide continuous mentoring, financing, market connections, and concrete pathways into regional and global markets.

The responses also highlight the importance of building a more connected and inclusive ASEAN MSME ecosystem. Greater collaboration is encouraged amongst governments, business associations, financial institutions, universities, incubators, ecosystem builders, and the private sector, while ensuring that smaller firms, businesses led by women and youth, rural enterprises, and MSMEs from smaller economies can access regional opportunities. Respondents particularly emphasise reducing regulatory and logistics barriers, improving cross-border payments and financing, connecting MSMEs directly with buyers and supply chains, and giving MSMEs a stronger voice in policymaking. Overall, the comments suggest that ASEAN should focus on making existing regional opportunities easier to find, easier to access, and more directly linked to tangible business outcomes.

9. Policy Recommendations

The survey findings indicate that ASEAN MSMEs do not face a single constraint that can be addressed through one programme or policy intervention. Instead, businesses face interconnected challenges involving market access, trade integration and standards, finance, innovation and technology, human capital, digitalisation, and the green transition. At the same time, awareness of and participation in existing ASEAN initiatives remain limited, despite relatively positive assessments and reported business outcomes amongst respondents who have participated in such programmes.

These findings suggest that the main policy challenge is not only the availability of MSME support, but also addressing the lack of coordination, visibility, accessibility, coordination, and practical utilisation of the support available throughout the region. ASEAN should therefore consider establishing a dedicated mechanism for MSMEs that links existing initiatives, expertise, institutions, and private sector partners – turning them into more accessible and practical support for MSMEs.

1) **Recommendation 1: Strengthen Regional Coordination and Connectivity of MSME Support**

   The survey highlights the need for better coordination and accessibility of ASEAN MSME support. ASEAN should strengthen mechanisms that connect existing programmes, partners, and expertise to help businesses access relevant support more easily. This function could be institutionalised through a regional Centre of Excellence for MSMEs, serving as a coordination and facilitation hub while complementing existing initiatives.

2) **Recommendation 2: Make Market Access and MSME Internationalisation a Core Function**

   The survey identifies market access, trade integration, and standards as the most serious overall challenge, while firms seeking to expand internationally report particular difficulties in finding overseas buyers, accessing trade finance, and navigating customs clearance.

   This regional coordination mechanism should therefore facilitate practical internationalisation support, including cross-border business matching, buyer and supplier identification, market intelligence, export readiness assistance, referrals for trade finance, information on standards and certification, and connections to relevant trade facilitation services. Rather than providing all services internally, it should connect businesses to qualified regional and national providers.

3) **Recommendation 3: Create a Single Navigation and Referral Mechanism for Existing ASEAN MSME Support**

   The finding that overall awareness of the nine assessed ASEAN initiatives is only 20% demonstrates a significant gap between the availability of ASEAN support and

businesses' ability to discover and access it.

This regional coordination mechanism should therefore serve as a navigation and referral gateway, providing businesses with a clearer understanding of what ASEAN and national programmes are available, who is eligible, what support each programme provides, and how businesses can access them. This mechanism should integrate and direct businesses towards existing platforms and programmes rather than creating parallel services.

Importantly, success should be measured not simply by the number of programmes listed or businesses reached, but by referrals completed, services accessed, programmes utilised, and business outcomes generated.

4) **Recommendation 4: Provide Integrated Digital and Green Transition Support**

Digitalisation and sustainability should be treated as interconnected competitiveness issues. Although digital technologies are widely used, implementation remains uneven, while budget constraints, difficulties maximising technology adoption, and skills gaps remain important barriers. Green transition measures are generally considered important but remain considerably less implemented.

This regional coordination mechanism should therefore connect MSMEs with specialised providers offering digital diagnostics, e-commerce support, cybersecurity, digital financial tools, technology adoption, green financing, certification, ESG readiness, circular economy practices, renewable energy solutions, and carbon-related capabilities.

A differentiated approach is particularly important because MSMEs are at different levels of digital and green readiness. It is therefore necessary to be able to support diagnose business needs and direct firms towards appropriate levels of support.

5) **Recommendation 5: Build a Structured Multi-Stakeholder Partnership Network**

The survey provides particularly strong support for a partnership-based model. Across seven proposed partnership arrangements, the overall mean impact score is 3.25 out of 4, and 82.3% of ratings classify the partnerships as having an impact or the greatest impact. Government partnerships with international organisations and business associations receive the strongest assessments, while partnerships with investors, banks, large companies, digital platforms, and universities also receive high ratings.

This regional coordination mechanism would provide the institutional mechanism that connects these complementary actors around identified MSME needs.

6) **Recommendation 6: Strengthen Inclusion Through Targeted Outreach and Local Access**

Although respondents who participated in ASEAN initiatives generally assess their inclusiveness positively, support for rural businesses and equitable benefits for

smaller firms receive weaker assessments. This suggests that the availability of programmes does not necessarily guarantee equal practical access.

Every ASEAN initiative or programme should therefore adopt an inclusive delivery model that recognises differences in firm size, geography, digital readiness, and institutional capacity. Regional coordination should be complemented by national focal points, local partners, business associations, chambers of commerce, incubators, universities, and digital platforms capable of engaging with MSMEs.

Particular attention should be given to smaller firms, rural enterprises, businesses led by women and youth, and businesses with limited capacity to independently navigate ASEAN-level programmes.

7) **Recommendation 7: Establish an ASEAN MSME Knowledge, Monitoring, and Feedback Function**

Given the importance of understanding the level of development of MSMEs within ASEAN, a regional source of knowledge, evidence, best practices, and policy feedback on MSME development should be regularly updated and accessible.

It is necessary to monitor MSME needs, programme awareness, referrals, utilisation, and outcomes; identify emerging gaps; document successful practices across Member States; and provide evidence to relevant ASEAN bodies to inform future policy development.

Similar surveys based on this research should be conducted regularly over longer periods and include more respondents. This would create a continuous feedback mechanism between business needs, programme delivery, and ASEAN policymaking, enabling regional MSME initiatives to respond more effectively to changing private sector conditions.

Collectively, the survey findings indicate that ASEAN should prioritise facilitating four interrelated functions:

- **Connect** MSMEs with appropriate programmes, markets, finance, expertise, and partners.
- **Coordinate** existing ASEAN, national, private sector, academic, and development partner resources.
- **Facilitate** practical business support, referrals, business matching, internationalisation, digitalisation, and the green transition.
- **Learn** and **monitor** MSME needs, programme utilisation, outcomes, gaps, and best practices to continuously improve ASEAN's MSME support ecosystem.

10. Conclusion

The survey provides a consistent message from the private sector: ASEAN MSMEs face multiple and interconnected constraints, while the regional support ecosystem has yet to fully translate the availability of initiatives into broad awareness, accessibility, utilisation, and business-level impact. Market access and internationalisation remain particularly challenging; digital and green transformation are important but unevenly implemented; and businesses continue to require more practical support in connecting with markets, finance, technology, expertise, and business partners.

At the same time, the findings demonstrate that existing ASEAN initiatives have value. Although overall awareness of the nine assessed initiatives is limited, respondents who have participated generally provide positive assessments of their effectiveness, efficiency, and inclusiveness. Participants also report tangible outcomes, particularly improvements in digital adoption, productivity, sales, employment, finance, exports, and green transition. The policy implication is therefore not simply to create more programmes, but to enable more businesses to find, access, navigate, and benefit from the support that already exists, while addressing gaps where existing mechanisms remain insufficient.

The strong survey support for multi-stakeholder partnerships further indicates that no single institution can independently address the diverse needs of ASEAN MSMEs. Effective support requires the combined capabilities of governments, business associations, financial institutions, investors, international organisations, digital platforms, large companies, universities, and other ecosystem actors.

Against this background, the findings strengthen the rationale for a dedicated regional coordination mechanism that brings together existing expertise, programmes, partners, and resources without duplicating current initiatives. This regional coordination mechanism could facilitate access and referrals while strengthening market access and internationalisation, finance and investment linkages, digital and green transformation, innovation and capability development, partnerships, and knowledge sharing. Its value should ultimately be measured by its ability to increase the utilisation of existing support, address persistent gaps, connect MSMEs with cross-border opportunities, and translate ASEAN cooperation into measurable business outcomes, thereby bridging regional MSME ambitions with the practical needs of businesses.

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