



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
for Asia-Pacific **Prosperity**

Policy Responses to Stimulate MSME Demand in the Wake of COVID-19 Pandemic in APEC Economies

APEC Economic Committee

October 2022



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LIST OF ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
AUD	Australian Dollar
B2B	Business to Business
B2C	Business to Consumer
BAZNAS	<i>Badan Zakat Nasional</i> / Indonesia's National Zakat Agency
BBI	<i>Bangga Buatan Indonesia</i> / Proud of Indonesian Made
BFGS	Business Finance Guarantee Scheme
BPJS	<i>Badan Penyelenggara Jaminan Sosial</i> / Social Security Administrator for Health
CAD	Canadian Dollar
CDAP	Canada's Digital Adoption Program
CLP	Chilean Peso
CORFO	<i>Corporación de Fomento de la Producción</i> / Chilean Economic Development Agency
COVID-19	Coronavirus Disease 2019
CPRs	Commonwealth Procurement Rules
CSO	Civil Society Organization
FDI	Foreign Direct Investment
FOGAPE	<i>Fondo de Garantía para Pequeños Empresarios</i> / Guarantee Fund for Small Entrepreneurs
FPS	Fast Payment System
GDP	Gross Domestic Product
HASCAP	Highly Affected Sectors Credit Availability Program
IDR	Indonesian Rupiah
IFC	International Finance Corporation
ILO	International Labour Organization
MSME	Micro, Small, and Medium Enterprise
MYR	Malaysian Ringgit
NTD	New Taiwan Dollar
OECD	Organization for Economic Cooperation and Development
OSMEP	Office of SME Promotion
OSS	Online Single Submission
OTOP	One Town One Product
PRESTIGE	Programme for Enhancement of Strategic Industry and High Growth Enterprise
SBTR	Small Business for Township Revitalization
SME	Small and Medium Enterprise
SMEG	SME Guarantee
SMESCO	Small and Medium Enterprises and Cooperatives
SOE	State-Owned Enterprise
THB	Thailand Baht
UMKM	<i>Usaha Mikro, Kecil, dan Menengah</i> / Micro, Small, and Medium Enterprise
USD	US Dollar
VND	Vietnamese Dong

EXECUTIVE SUMMARY

Micro and SMEs (MSMEs)¹ drive inclusive and sustainable growth in most APEC economies, as they represent 98% of enterprises, contribute between 40% to 60% of GDP, and dominate employment (60% of total employment in average). The COVID-19 pandemic caused a detrimental impact to this segment in 2020, which has been addressed by series of SMEs policy response across APEC economies, aiming mainly to support MSME's survival in the short term. However, only some economies have introduced structural policies that were geared towards long term demand sustainability, such as accessing new markets, innovation, and capacity building.

Experiences from Indonesia highlight four main program categories that are more effective in unleashing new demand for MSMEs i.e.: (1) onboarding programs to e-commerce platforms, (2) link-and-match or connecting MSMEs to new markets through business matching and virtual expo; (3) derivative programs from public campaigns to buy domestically produced goods; and (4) quota of government procurement to MSMEs (Presisi Indonesia, 2021). However, only a small percentage of MSMEs responded to the pandemic proactively, with most showing no changes in business planning nor the incentive to seek out government support.

This study aims to (1)

In the aspect of business and product innovation, the government of each APEC economies have launched various programs to assist MSMEs in adapting their products/business model to cope with challenging conditions. Many APEC economies leverage on innovation centers to enhance innovation skills of the MSMEs as well as provide various coaching and workshops to strengthen their entrepreneurship skills. Digital transformation is another crucial form of innovation for SMEs to better tackle the pandemic and future uncertainties. There are various initiatives taken by APEC economies to encourage MSMEs to formulate their digitization plan, including the provision of a grant to support them in adopting digital technologies, which can bring advantages of reducing cost, improving services, or boosting sales.

In the aspect of expanding market access, demand-supporting policies were introduced to assist MSMEs when going digital and when accessing new customers through business to business (B2B), government procurement, or internationalization. This included efforts to facilitate MSMEs' onboarding to digital marketplaces or e-commerce platforms and match MSMEs with potential institutions as off-takers. Some APEC economies offered financial support and advisory services to assist this onboarding process. Furthermore, others also pursued initiatives to allow MSMEs to access government procurement market and support MSMEs expansion to international markets through exports.

In the aspect of marketing and sales initiatives, the programs offered came in the form of discounts to customers, marketing campaigns, or integrated marketing programs. To boost demand for local MSMEs products, many government across APEC economies launched

¹ This report employs terms "SME" or "MSME" as per defined by respective sources (data, literatures, or questionnaires) and identified policies/programs. In some APEC economies, they commonly employ the term "SME" rather than "MSME".

economy-wide campaigns to purchase local products. Meanwhile, MSME's common issues – limited resources and capability – requires intensive training to build the necessary skillset to be successful in marketing. Therefore, some governments offered coaching programs to strengthen MSMEs' capacity and capability in marketing.

In the aspect of enabling infrastructure and related policies, there are several measures adopted by the government to strengthen MSMEs' capabilities and widen opportunities, such as improving digital literacy and infrastructure, cutting bureaucracy to expand growth, and offering financial relief to support MSMEs in weathering the crisis.

While mapping out available government programs, this study also identifies some challenges and opportunities that may give rise to future improvements and formulation of new programs. This includes better access to policy programs, simplified procedures to access government programs, and stronger coordination among government entities during policy implementation.

A set of policy recommendations are put forward, which are categorized into (1) short term quick wins, which is defined as potential policies/programs that can deliver high impact to boost MSMEs' demand within a short timeframe of implementation; and (2) medium to long term strategic initiatives, which is defined as potential policies/programs that can foster resilience amongst MSMEs, further developing their capacity and capability, which can allow for greater contribution to the economy in the long run.

Both objectives are required to ensure that MSMEs can stay afloat amidst the crisis, contribute to economic recovery, and thrive in the long-term post-crisis. Learning from various policies adopted by APEC economies, some structural policy recommendations can be deduced that may support policy formulation and implementation in the future or in different economies, as an effort to improve the ability to absorb future economic shocks that affect MSMEs' demand.

1. INTRODUCTION

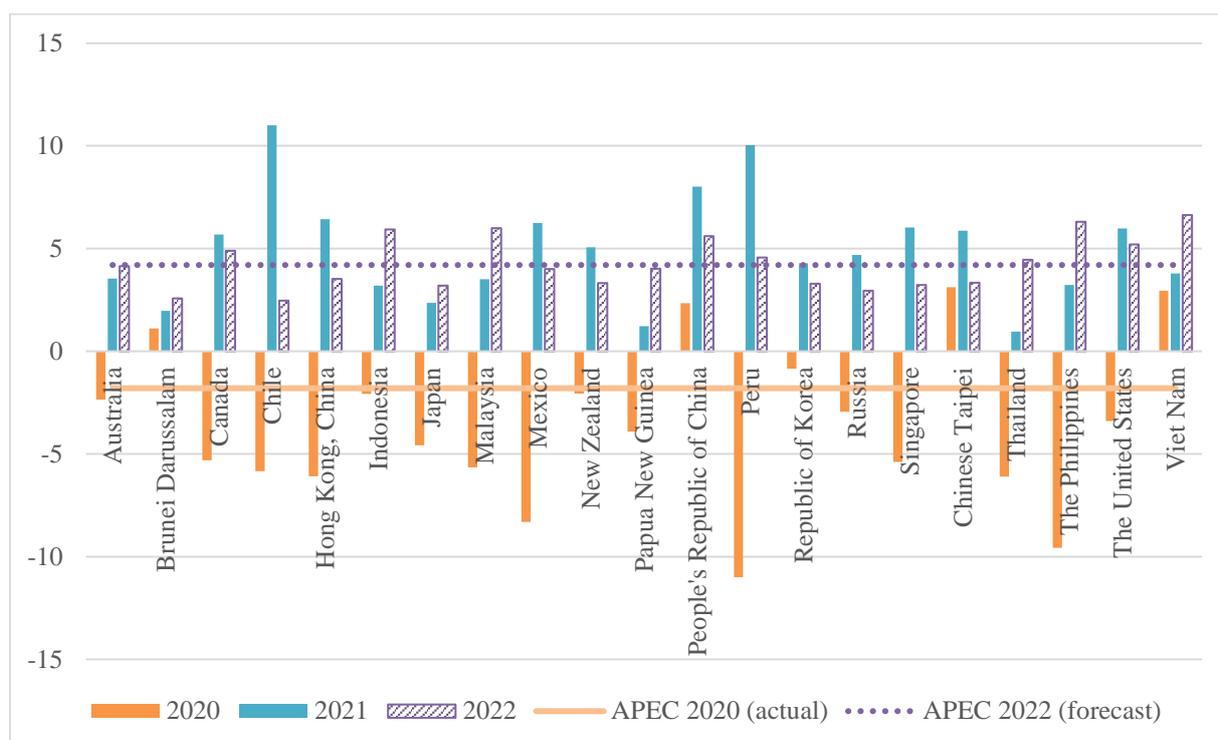
MSMEs are the driver of inclusive and sustainable growth in most APEC economies, as they represent 98% of enterprises, contribute between 40% to 60% of GDP, and dominate employment (60% of total employment in average). In particular, they play a pivotal role in poverty reduction, social, and economic inclusion, being a major source of employment for poor, low-income workers, women, and persons with disability.

Similarly, MSMEs hold an important role in Indonesia economy. They represent 98.7% of total Indonesian businesses, create 99% of total employment, and contribute to 97% of total workforce and 63% of total GDP. More than half of Indonesia's SMEs are owned by women (IFC, 2016). Meanwhile, the proportion of persons with disabilities who are self-employed were 58.3% of total persons with disabilities in 2020, a rate that was 1.5 times higher compared to non-disabled persons (ILO, 2022).

Yet, the COVID-19 pandemic has brought detrimental effect to MSMEs in all economies. In particular, a dramatic loss of MSMEs' revenue occurred due to social and physical restrictions. On the supply side, while MSMEs experienced drop in capacity utilization, the pandemic also disrupted distribution activities as it increased the difficulty in obtaining raw materials and business capital. On the demand side, a sudden loss of demand because consumers experienced loss of income social distancing and precaution due to heightened uncertainty, led to reduced spending and consumption. Households preferred to hold most of their accumulated excess savings rather than using them to purchase consumption goods (Attinasi et al., 2021). For example, household expenditure in Indonesia decreased by about 5% in the second quarter and remained contracted until the late 2020 (Statistics Indonesia, 2020b). While, the third-party funds in the banks increased from around 8% in the second quarter to 13% in the third quarter of 2020 (Bank Indonesia, 2020). The impact was most severe to MSMEs, shutting down the business, either temporarily or permanently, and laying off their employees.

The pandemic has also affected women disproportionately. Data from Facebook, the OECD, and the World Bank (2020) highlight that women-led businesses are more likely to shut down than those led by their male counterparts during pandemic. It also affected a large proportion of women workers, as mostly affected sectors such as hospitality, tourism, wholesale and retail trade, employ a large proportion of women workers.

In 2021, the post-pandemic recovery were witnessed across APEC economies. IMF (2021) projected the APEC region GDP to expand by 5.8% on average in 2021, rebound from -1.8% in 2020 (Figure 1.1.). Foreign direct investment (FDI) in APEC region had also improved significantly in 2021 by 77.3% YoY, yet the FDI recovery was uneven across the region. Developed economies showed FDI growth of 199% while developing economies and the least developed economies only recorded 30% and 19%, respectively (APEC, 2022; IMF, 2021).

Figure 1.1. Real GDP Growth in APEC Economies, 2020-2022 (in % YoY)

Source : International Monetary Fund (IMF) World Economic Outlook, October 2021; APEC Regional Trend Analysis, February 2022.

Notes : Real GDP growth in 2020 is the actual value. Otherwise, real GDP growth in 2021 and 2022 are estimated and forecasted values, respectively.

The demand side has also signaled gradual and uneven recovery, with consumer confidence index and business confidence index shows some improvement. In some APEC economies, consumer confidence index increased in 2021 although still lower compared to pre-pandemic level. For example: Indonesia's consumer confidence index was 101 in 2021, higher than the index in 2020 of 99, but still slightly lower compared to the index in 2019 of 103. On the other hand, some economies had not yet shown rebound until 2021, such as: China and the US (see Figure 1.2.A). Meanwhile, business confidence index in most of APEC economies has improved, even higher than the index level pre-pandemic, such as Canada; Japan; Mexico; and Russia (Figure 1.2.B). The improvement in those indices implies the increase in consumers and businesses' confidence to spend their money as well as to produce and to expand their business; finally, those indices signify the sustainability of a healthy economy.

In 2022, APEC region is expected to moderately grow by 4.2% as multiple challenges remain amidst the global economic recovery. Nevertheless, the growth within APEC economies will continue to be uneven due to disparities in pandemic management and vaccine uptake as well as narrowing fiscal space and adjustments in monetary policy support. Disruption in supply chain is also projected to persist among the APEC economies which may be exacerbated by the current geopolitical tension. Consequently, right policy responses are required to deal with the existing macroeconomics dynamics.

Figure 1.2. Consumer Confidence Index and Business Confidence Index, 2019-2021



Supportive and facilitating policies are crucial to deal with the current economic condition, particularly considering that the demand and purchasing power still persist and are ready to be unleashed. Such 'unrealized demand' creates potential demand for MSMEs. MSME's chance of survival will improve should this potential demand be realized and tapped by the enterprises (Presisi Indonesia, 2021).

In responding to the pandemic, economies across the globe have introduced various policy measures to assist SMEs. These can be grouped into 2 different objectives: (1) to ease the liquidity concern and (2) to provide a structural support. Liquidity support measures can generally be classified within three categories, namely job retention schemes, deferral of payments, and financial support via debt channels. On the other hand, structural support measures were taken to assist SMEs in adapting to the changed business environment and build resilience, such as support for digitalization, innovation and technology development, upskilling and reskilling, or finding new alternative markets (OECD, 2021a).

As shown in Table 1.1., most APEC economies have implemented series of SMEs policy response that were directed to assist liquidity, such as: subsidies on wages, taxes, rent and direct lending. The main objective of those policies is to assist SMEs' survival in the short term. Only some portions of economies have introduced policies that were geared toward long term demand sustainability, such as accessing new markets, innovation, and capacity building, as suggested under structural policies.

	Labor			Deferral					Financial instrument				Structural policies					
	(Partial) redundancy	Wage subsidies	Self-employed	Income/corporate tax	Value added tax (VAT)	Social security and pension	Rent/utilities	Debt moratorium	Loan guarantees	Direct lending to SMEs	Grants and subsidies	Equity instruments	New markets	Teleworking/digitalization	Innovation	Training and redeployment	Start-ups	Sustainability measures
Singapore																		
Thailand																		
The United States																		
Viet Nam																		

Source : OECD Policy Responses to Coronavirus (COVID-19), April 2021.

Notes : Data are not available for Brunei Darussalam, Papua New Guinea, The Philippines, and Chinese Taipei.

Experiences from Indonesia highlight four main program categories that are more effective to unleash new demand for MSMEs i.e.: (1) onboarding programs to e-commerce platforms, (2) link-and-match or connecting MSMEs to new market through business matching and virtual expo; (3) derivative programs from public campaign to buy domestically produced goods; and (4) quota of government procurement to MSMEs (Presisi Indonesia, 2021). However, only a small percentage of MSMEs responded to the pandemic proactively while most of them have no changes in business planning and seek out government supports.

In order to enhance the agility of each economy to deal with future economic disruption, an understanding of basic proposition or necessary condition has to be acquired to ensure a successful implementation of a policy/program aiming to boost demand for MSMEs. While it may not be an easy task to perform, some literatures highlighted important requirement which is worth mentioning.

Thus, the main objectives of this study are: (1) to explore, review, learn and map current policies on the MSMEs demand promotion programs in Indonesia and select APEC Economies; (2) to review, learn, and map current related policies; (3) to identify and examine requirements and challenges to implementing demand promotion programs; and (4) to recommend critical steps to promote the demand for MSME in Indonesia and relevant APEC Economies.

The rest of this publication reports the implementation of the study, which is organized as follows: Chapter 1 explains the research background and objectives as well as analytical framework and methods adopted for the study. Chapter 2 maps out the policy/program findings from desk study and in-depth interviews with stakeholders. Chapter 3 explains the analysis, and Chapter 4 puts forward some recommendations based on the study.

1.1. ANALYTICAL FRAMEWORK

This study relies on three main policies in promoting MSMEs demand, covering: innovation, market access, and marketing & sales measures. While these main policies directly respond to MSMEs demand promotion, the study also recognizes the presence of enabling infrastructures and related polices that indirectly support the demand side.

The following parts outlines the analytical framework for the study.

1.1.1. Business and Product Innovation

The quarantine and disruption in non-essential activities as measure to contain the COVID-19 pandemic has had a deeper impact on SMEs due to their limited resources and vulnerable business models. Even post-pandemic, it is expected that many SMEs remain prone to business risks as the “new normality” will require changes in business and infrastructure management. To reduce this risk, innovation is identified as a key aspect of business recovery in the ongoing and post-pandemic period (Caballero-Morales, 2021).

Earlier studies on small businesses have also indicated the impact and direct link between innovation and business performance and growth (Harel, 2021), as also confirmed by a study by OECD in 2021 which concluded that the link between innovation and productivity was empirically generally positive and significant. However, MSME is often characterized by the lack of innovation. Smaller business are, on average, less innovative than large companies (OECD, 2018b). Most MSMEs have lack of access and innovation capacity due to resource constraints and economies of scale (Kurniati & Prajanti, 2018).

In achieving long-term resilience, MSMEs should be innovative in adapting their business model and/or products offering to capture potential demand. The urgency of performing business and product innovation varies depending on the degree of severity experienced by

respective business sectors. For the worst-hit sectors that experience huge loss of demand due to changed customer behavior and business environment during pandemic, strategy to generate revenues may involve pivoting to new business model or even extending the business to new ventures. While less-affected sectors may only experience slight disruption to their operations, innovation through digitalization and technology adoption will also assist the business to serve customers efficiently.

A study by Adam & Alarifi (2021) confirmed the significant and moderating role of external support provided to SMEs during the COVID-19 crisis and the survival of the business. Institutional support is required to foster SMEs innovation capacity, especially to integrate external knowledge and develop external collaborations (Pierre & Fernandez, 2018). In facilitating smooth transition to new business/product, government may provide capacity building programs and direct coaching/mentorship to assist MSMEs in acquiring relevant skills and knowledge to fulfill arising demand.

1.1.2. Expanding Market Access

Without changing the current business model or product, MSMEs can expand to alternative market to reach out new customer base. Both internal capabilities (skill and competence of SMEs) and external barriers (procedures/regulations, high costs, limited access to information and networks, etc.) constrain SMEs in exploring potential new markets, as compared to larger enterprises (APEC, 2020). Therefore, the government role as policymaker became increasingly evident in expanding MSMEs market access.

Establishing digital presence is a quick win that serves as new sales channels, such as by onboarding to e-commerce platform and leveraging digital marketing tools. The emergence of pandemic has accelerated digital transformation of MSMEs, as indicated by the increased onboarding of MSMEs to digital platform. A survey conducted by LPEM & UNDP (2020) reveals that the number of enterprises who began to sell online rises to 44%, increasing from only 28% before pandemic. Similarly, data from the Ministry of Cooperatives and SMEs of Indonesia (2021) also shows that the number of MSMEs onboarding to digital ecosystem increased two folds from 8 million of MSMEs to around 16.4 million MSMEs during pandemic, out of total estimated 64.2 million MSMEs in Indonesia. Digitalization helps MSMEs particularly in marketing aspect. Four out of five enterprises state that the online market supports their business significantly during pandemic (Statistics Indonesia, 2020a). In assisting MSMEs going digital, government may issue supporting programs that facilitate MSMEs presence in digital platform or collaborate with existing digital players to promote MSMEs products.

Other alternative markets can be tapped by expanding the customer base to corporate/business to business (B2B) segment, government (through government procurement), or international market (through exporting). Expanding market to these new segments can also bring additional benefits beyond incremental sales revenues. For example, production costs could be further reduced by improvements in productivity through B2B systems of several processes such as production planning (Al-Bakri et al., 2010). By participating in government procurement, SMEs may gain potential benefits such as greater employment, incremental multiplier effect, more varied competition, and decreased influence of established networks of larger firms (ADB, 2012).

Demand promotion policies may involve link and match programs to connect MSMEs with potential buyers, preferential treatment for MSMEs in government procurement activities, and export promotion strategies for MSMEs products and services.

1.1.3. Marketing and Sales Initiatives

Direct marketing and sales efforts in promoting MSMEs will help directing consumers preference over MSMEs products/services. A study by Chao & Liao (2016) highlights that price discounts or discounts can positively and significantly increase consumer's purchase intention. Price discount also affects buying quantity, that is, if the price discount is offered on the same product, the customers buy more of that product (Bhatti, 2018). Further, brand building and sales promotions have been shown to drive long-term growth. Brand building supports long term sales growth, while sales promotions result in short term spikes in revenue (Parentich, 2020).

Considering that MSME usually has limited budget for promotion, government assistance on this matter is very much needed to help them gaining traction from the customers. The government's involvement should not necessarily come in form of disbursing funds for sales promotion for each MSMEs, but rather creating an economy-wide campaign to invite people to purchase MSMEs products or pursuing innovative joint-marketing program with them. Government may also invite corporates to have their share in the program, particularly those who engage in the same ecosystem/supply chain.

1.1.4. Enabling Infrastructures and Related Policies

In addition to three main policies discussed above, the availability of supporting infrastructures and policies assists MSMEs short-term survival throughout pandemic and provides enabling environment or MSMEs to increase their capacity in achieving long-term growth. Therefore, the study will also analyze policies and programs that improve MSMEs digital capabilities, formulate affirmative action for MSMEs, and provide financial relief for business survival.

Key enabler of MSMEs resilience throughout pandemic is their digital capabilities. With tremendous impact of digital presence and technology in the future, digital literacy programs can assist MSMEs in growing their business. However, lack of skills is one of the greatest barriers to SME digital adoption (OECD, 2021e). A study by ILO in 2021 reveals that MSEs (micro and small enterprises) do not digitalize "automatically" and by default; instead, digitalization is driven by deliberate decision-making on the part of MSEs, which may be hampered by incomplete information and risk-averse attitudes. The same study also identifies that MSE digitalization is affected by three sets of external influences: the local digital ecosystem, an MSE's business network, and its broader social and policy environment. Therefore, government investment on digital infrastructure (internet access, data center, etc.) are also required to accelerate the digital transformation process. Digitalization becomes the overarching strategy for MSMEs to survive and thrive, not only during pandemic but also for long term resilience.

Highlighting a set of MSME-targeted programs, the affirmative policy supports the establishment of an MSME-friendly business environment. A study by Rehman (2016) confirmed that affirmative action programs could have wide-reaching positive economic benefits by improving minority employment and granting greater access to markets and capital,

in addition to other positive social outcomes, such as social justice and equality. In public sector, MSME participation can be induced through policy reform that simplifies business registration bureaucracy or increases the quota for SMEs in government procurement program. To create a more socially inclusive program, particularly for women, a gender mainstreaming policy for MSMEs should be enacted.

SMEs tend to find it more difficult to obtain external financing compared to their larger peers, which helps to explain why they are typically more vulnerable in economic downturn (OECD, 2021f). Small businesses cannot access the financing needed to respond to changes such as the COVID-19 pandemic that requires adjustments and strengthening of financial management due to lower liquidity reserves, limited collateral held, and uncertainty in the realization of loans from creditors or withdrawing funds from investors during the economic crisis (Gunartin et al., 2021). Financial relief programs encompass direct subsidies, access to financing, or other incentives/subsidies to support MSMEs capability in surviving their business during pandemic. Collaboration between government and financial institutions enables the provision of no-interest loans, credit guarantees, or subsidized loan interest for MSMEs. On the other hand, subsidies on rent, wage, and utilities, as well as rebate or deferral of tax payment, would also help MSMEs business performance.

1.2. METHODOLOGY

This study employs the following methods to gather relevant necessary data and information to support analysis and build recommendations: (1) literature review; (2) mapping and identifying policies/programs; (3) in-depth interview.

Literature review

Literature review is adopted in the first stage to assist problem identification, namely to understand challenging dynamics faced by MSMEs throughout pandemic and the importance of demand promotion policy to assist their survival. From available data points and previous studies of similar topics, the study collects relevant insights that would then support the formulation of analytical framework. As discussed earlier in the analytical framework section, this study focuses on three main policies in promoting MSMEs demand: innovation, market access, and marketing & sales measures, while also identifies the presence of enabling infrastructures and related polities that indirectly support MSMEs demand.

Policy mapping

This study aims to share best practice of programs/policies from APEC economies that is successful in assisting MSMEs survival during pandemic with specific focus on demand-side policy. Therefore, policy mapping becomes essential tool to identify and understand successful policy responses. In mapping available programs/policies, this study employs (1) desk research to collect data from Indonesia and selected APEC economies, and (2) questionnaire-based survey to collect data from all APEC economies.

The desk research focuses on selected APEC economies, such as Canada; Chile; Indonesia; Malaysia; New Zealand; Chinese Taipei; Thailand; and Viet Nam. These sampling represents variety in terms of geography, size of economy, and economic development; which may contribute to explaining different types of policy/programs in responding to idiosyncrasies of

MSMEs characteristics in respective economy. At the same time, an online questionnaire is distributed to all APEC economies, containing various questions covering MSMEs profile/statistics in respective economy, demand-side policy responses amidst COVID-19 pandemic, and challenges that MSMEs faced in accessing government programs. There are seven economies responding to the questionnaire, i.e., Australia; Canada; New Zealand; Peru; Russia; Chinese Taipei; and Thailand. Responses from the questionnaire have brought additional insights and complemented the findings from desk study. Detailed format of questionnaire and responses from respective economies can be seen in Annex 1.

In-depth interview

In-depth interview is conducted to validate and enrich the findings from desk study and questionnaire-based survey, as well as to discuss potential recommendations with relevant stakeholders. This study organized two in-depth interviews with Indonesia's provincial government of Central Java and West Java. As provincial governments, they act as policymakers as well beneficiaries of central government's policies/programs. As such, they are in a unique position to provide views on policies/programs introduced by various ministries/government agencies and the corresponding impact to MSMEs survival during pandemic.

2. POLICIES AND PROGRAMS PROMOTING MSME DEMAND

As mentioned in Chapter 1, most economies dealt with supply side when tackling the impact of COVID-19 pandemic to MSMEs. Our assessments on selected economies' initiatives are highlighted below, which are categorized into several measures on demand promotion that become the framework of this study.

2.1. BUSINESS AND PRODUCT INNOVATION

Various studies have indicated the direct link between innovation and business performance and growth. Especially in SMEs, innovation is at the core of inclusive growth strategies; more innovative SMEs are more productive SMEs that can pay better wages and offer better working conditions to their workers, thus helping reduce inequalities (OECD, 2018a). Within the context of pandemic, the impact of drastic changes in business environment requires innovative business approach to adapt with the challenging situation. This part highlights some good practices of government of APEC economies that launched programs in various formats, such as grants, capacity building, and advisory services, in supporting MSMEs carrying out business and/or production innovation.

Grants funding to catalyze innovation

The government of Chile launched *PAR Impulsa* program in 2020 to grant financing to MSMEs affected by COVID-19 pandemic. Under this program, MSMEs can apply for financing support of up to CLP3 million (USD3,240) to reactivate their economic activity or start a different one, such as by recovering their productive potential, developing skills, as well as financing for investment or working capital. Encouraging SMEs to formulate digitization plans, this program also provides additional financing of CLP1 million (USD1,080) for businesses that included adopting digital technologies to reduce costs, increase sales, improve customer services, etc. At the end of the program, it was expected that the beneficiaries would have managed to maintain the continuity of its operations, restart or start new activities, allowing MSMEs to maintain or increase jobs.

Digitization undeniably becomes the key innovation driver for SMEs throughout pandemic and beyond. Similarly focusing on digital capability, the government of Russia provides grant support for projects on the development and implementation of digital solutions. Funds are allocated annually from the federal budget on a competitive basis to offer grants for promising IT solutions and support small businesses in the development, application and commercialization of digital solutions. Grants can be utilized to develop a new digital product, make an existing one market-ready or scale up sales revenues.

Facilitating capacity building program for upskilling/reskilling

The government of New Zealand under its innovation agency, Callaghan Innovation, has been continuously instilling innovation skills to New Zealand businesses, including during pandemic crisis. The Innovation Skills programs comprise various resources (trainings/workshops, expert advisers, coaching) to help enterprises in raising capital, leveraging intangible assets/intellectual properties, improving business competitiveness and performance, and boosting digital capability of Industry 4.0. All of these programs are aimed at helping

enterprises to build their confidence and ability to innovate when the business environment changes, such as during COVID-19 pandemic, or when the opportunity arises.

Meanwhile, a comprehensive approach of end-to-end capacity building can be seen from the government of Indonesia's program, MSME Champion (*UMKM Juara*), established by the local government of West Java, which provides a holistic capacity building program for scaling up MSMEs. The ongoing program was modified to hybrid (online and offline) format during pandemic, covering coaching, workshops on various business skills (business analysis, financing, marketing, digital marketing, and legal), and concluded by business meeting and exhibitions. *UMKM Juara* program has been successful in assisting local business to expand their business capacity and market access.

Other type of capacity building programs in Indonesia includes a more in-depth coaching for specific sector under focus. In order to meet the high demand for loungewear during the pandemic, the Central Java provincial government provided assistance to the *batik* (Indonesian traditional cloth) fashion cluster to pivot their products from *batik* cloth to ready-to-wear fashion. Similarly, the Coordinating Ministry for Economic Affairs developed cluster of *rendang* (famous beef dish from West Sumatera) in Payakumbuh and cluster of seaweed in Wakatobi to further strengthened competitiveness of local resources. In Malaysia, similar program also exists, namely the Programme for Enhancement of Strategic Industry and High Growth Enterprise (PRESTIGE), aiming at developing high growth SMEs in strategic sectors such as medical devices, biotechnology, aerospace, rail etc, in line with the National Entrepreneurship Policy (DKN 2030).

Amidst job losses throughout pandemic, many people turned to entrepreneurship for survival. The government of Indonesia launched Pre-Employment Card (*Kartu Prakerja*), which is aimed to develop the competence of the workforce, including upskilling and reskilling, by providing funds for accessing training in selected learning content partners. Various topics on entrepreneurial skills, such as how to start building micro business, how to create and promote creative content, how to do business accounting – can be accessed online by the recipients, followed by cash incentive to those who complete the learning program, successfully led to new budding entrepreneurs from those who were previously unemployed.

Box 2.1 *Kartu Prakerja* Program

The Government of Indonesia (GoI) recently launched the Pre-Employment Program (hereafter *Kartu Prakerja*) in February 2020. The program is expected to complement and fill the gaps in education and VTCs to meet the demands of future work. The program aims are (1) to develop workforce competence, (2) to increase workforce productivity and competitiveness, and (3) to develop entrepreneurship, as stated in Government Regulation 76/2020 (revising Government Regulation 36/2020). Since its launch, *Kartu Prakerja* has seen some adjustments in response to the pandemic, adopting aspects of social assistance via conditional cash transfer for beneficiaries after they complete their training package. Each beneficiary will obtain IDR3.55 million (USD 249) as the incentive to participate in the training, it comprises of training assistance, post-training incentive, and incentive for evaluation surveys.

Kartu Prakerja is open to all Indonesian citizens aged 18 years and over, and it is not limited to job seekers, new graduates, or those currently unemployed, but is also open to those who are currently employed and entrepreneurs who are not currently attending formal education, not receiving other government assistance, and are not members of the military, civil servants or other government-related workers. The program is implemented by the Project Management Officer (PMO) under the Job Creation Committee (*Komite Cipta Kerja*). The Committee is directed by the Coordinating Ministry for Economic Affairs and comprises 14 ministries and other government institutions. The program's ecosystem includes the PMO, digital platforms, training providers, payment partners, education institutions, government institutions, and job portals. In 2020, more than 1,700 courses from 154 training providers can be accessed through seven digital platforms.

This program is unique in its flexibility for both beneficiaries and training providers. Beneficiaries can choose their training programs according to their interests, talents and future career needs, not only as workers in the formal sector, but also as entrepreneurs. Similarly, training providers can offer any training courses that meet the criteria determined by *Kartu Prakerja*. The courses are curated based on their interactivity, training module structure, training quality, and relevance.

By the end of 2021, *Kartu Prakerja* beneficiaries reached 11.4 million, with 5.9 million of beneficiaries from 514 cities/districts have enrolled in 2021. 90% of the new beneficiaries were unemployed when enrolled, 73 percent Y and Z generation (18-41 years-old), 87% have not had previous training, have relatively low education and low income.

In terms of the impacts, Statistics Indonesia found that 88.9% of the beneficiaries consider that their skills have improved after completing *Kartu Prakerja* trainings. Additionally, the conditional cash transfer was deemed a very helpful assistance in the middle of a pandemic. This is in line with Presisi Indonesia's finding (2021), *Kartu Prakerja* beneficiaries have 74 percentage points (2.2%) higher in work competencies than non-beneficiaries, that estimated using the Propensity Score Matching (PSM) model. The result implies that the beneficiaries have improved their time management, self-confidence, and work. Furthermore, female beneficiaries of *Kartu Prakerja* improve their competence by 96 percentage points (around 2.9%) higher compared to female non-beneficiary. In terms of entrepreneurial skills, the beneficiaries claimed that one of the benefits of joining the program is increased self-confidence that empowers them to start or expand their business. Indeed, the program can also strengthen their entrepreneurial skill, particularly in producing new products, selling and marketing products on online platforms, and managing business finance. Indeed, *Kartu Prakerja* not only improves competencies, but also has some impact for generating entrepreneurs, empowering women, and improving inclusiveness.

Providing coaching and advisory support

In assisting MSMEs to become more adaptive to the changing environment, many economies leverage on consulting and advisory services. Malaysia's SME Hub acts as a platform for MSMEs and entrepreneurs to access knowledge and information on various business aspects, providing hybrid business advisories as well as SME Hub On-Wheels initiative to reach out MSMEs in rural areas. Meanwhile, the government of Indonesia strengthens the Integrated Business Service Center (*Pusat Layanan Usaha Terpadu*) managed by the local governments, to provide business consultancy in specific topics required by MSMEs in respective regions. Other similar advisory services can be seen in other economies, such as New Zealand's Kiwi Business Boost², Chinese Taipei's One Stop Service³, or Thailand's Business Development Service⁴.

The coaching support can also take a specific format in regards to business opportunity creation. For instance, the government of Chinese Taipei provides accurate business match making activities and proof of concept service to help SMEs expand business opportunities and establish new business models. The government of Australia facilitates small business with advice and funding to grow their business and become more competitive in global markets (Growth Services program) and to get research projects underway in their business (Innovation Connections program).

Various programs to connect MSMEs with local advisors, experts, or mentors can also be seen across economies, such as Australia's Strengthening Business program, New Zealand's Regional Business Partners as well as Business Mentors program, and Thailand's Train the Coach.

2.2. EXPANDING MARKET ACCESS

Mobility restrictions amidst pandemic brought significant changes to MSMEs business operations, such as shorter operational hours, declining traffic of incoming customers, and even total closure for some business whose operations entail a higher risk of transmission. To sustain the business, MSMEs should look for new customers or untapped markets to serve. In expanding MSMEs market, demand-supporting policies were introduced to assist MSMEs going digital and accessing new customers through business to business (B2B), government procurement, or internationalization.

Facilitating participation in digital economy

The substantial growth of digital market has generated huge demand opportunities for business, including for MSMEs. The presence of digital platform – especially e-commerce, e-marketplace, and their enablers/supporting infrastructures – allows MSMEs to access new pool of customers and at the same time reaching customers more efficiently.

Many programs and initiatives have been developed by the government of Indonesia to assist MSMEs in accessing new demand from digitalization, either by the central government, by

² Managed by Ministry of Business, Innovation and Employment

³ Managed by Small and Medium Enterprise Administration, Ministry of Economic Affairs

⁴ Managed by Office of Small and Medium Enterprises Promotion

local government, or in collaboration with private sectors. Under Ministry of SOEs, MSME Digital Market (*Pasar Digital (PaDi) UMKM*) was launched as an online platform facilitating transactions of B2C (MSMEs to consumers) and B2B (MSMEs to state-owned enterprises). At the piloting stage, PaDi platform had involved 9 SOEs with the transaction value amounting to IDR10.7 trillion (USD713.77 million). This platform also executes virtual expo to expand MSMEs market. As of April 2021, there were about 62,000 MSMEs participating in this program. In supporting local MSMEs, some of Indonesia's local governments developed local e-commerce to showcase unique content and suit local market, such as Borongdong.id (West Java) and Malanggeerr.com (Malang).

Collaboration with private sectors, especially with established digital platforms, also flourished. As part of *UMKM Juara* flagship program, the local government of West Java assists MSMEs onboarding to various e-commerce platforms (Shopee, Blibli, Tokopedia, Bukalapak). Specifically designed to boost digital presence of MSMEs in F&B sector, the local government of South Sulawesi facilitated around 3,000 local MSMEs in 2021 to onboard to GoFood, food delivery services under Gojek platform – and provided internet quota subsidy to incentivize MSMEs in adopting digitalization in their business.

Efforts to facilitate MSMEs onboarding to digital marketplace or e-commerce have been seen across economies. The government of Russia assists MSMEs registration to marketplaces, including on foreign B2C/B2B marketplaces (Tmall.com, Amazon.de, VirtualExpo). Chinese Taipei's program of SMEs Digital Innovation in International Market helps SMEs identify local e-commerce platforms and distributors in the ASEAN market; the big data generated from transaction records can help SMEs reach out to the potential buyers of targeted groups. Canada's Digital Adoption Program (CDAP) also aims at assisting business to go online through grant funding and advisory services.

In Chile, the government launched Neighborhood SMEs (*Pymes de Barrio*) in 2020 as a virtual assistant to connect SMEs' goods and services supply with the needs of customers at the local level. Aiming to increase the digital presence of SMEs and promote additional sales channels through agreements with firms specialized in e-commerce logistics, registered SMEs will be able to sell their products and dispatch their order easily through this platform. Another platform, Buy from SMEs (*Compra Pyme*) was introduced in 2020 as a virtual showcase to boost SMEs profile, accompanied by communication and sales campaigns to promote the products and services registered. Similar program on virtual showcase, Peruvian SMEs can sign up in the online sales platform Unstoppable Peru (*Perú Imparable*) to market their products economy-wide. This program was designed to promote SMEs reactivation in facing the pandemic, increasing their sales and productivity.

Connecting MSMEs with new segment of customers

With the absence of sufficient traffic from existing customers during pandemic, MSMEs would need to reach out to new customer segment, by exploring potential demand from B2B, government, or international market. In exploring market opportunity from dropship and reselling business model, the government of Indonesia under SMESCO (SMEs promotion agency under Ministry of Cooperatives and SMEs) created Siren.id platform in 2021. Siren.id enables MSMEs to access new market, while providing entrepreneurial opportunities for individuals willing to earn extra cash as resellers amidst job losses during pandemic. The government of Indonesia also proactively conduct link and match programs to assist MSMEs in accessing new market, such as the local government of Central Java's business matching

program to facilitate MSMEs in supplying their products to selected partners such as hotels, SOEs, and other institutions.

The Business Proposal for Assisting SMEs in Business Opportunity Cooperation and Award Selection – a program from Chinese Taipei, links SMEs with large enterprises thus helping SMEs seize new market opportunities by becoming the third-party manufacturers of large enterprises. This program also provides latest market trends and market opportunities through the website and communication platforms, to facilitate business matching. Another example of business matching program can also be found in Russia. A declaration was implemented in 2021 to define the principles of interaction between large business and SMEs and the areas in which large business can support SMEs, such as market access, modernization of production and administrative processes, access to infrastructure, access to finance, as well as development of human capital and competencies. The SME Digital platform helps Russian SMEs to seek for opportunities to become a supplier of large industrial enterprises, trading companies and retail chains based on requests to deliver components, raw materials and industrial products, as well as food products.

Leveraging government procurement

It is estimated that Indonesia's government procurement for products and services amounted to IDR1.214 trillion (USD80.98 billion) in 2021, or around 44% contribution to total state budget⁵. Stipulated by the Government Regulation Number 7 Year 2021, Indonesia's ministries, agencies and local governments are obligated to allocate at least 40% of their spending for MSMEs and cooperatives products and services, implying a demand of at least IDR480 trillion (USD32 billion) annually. This huge demand brings lucrative opportunity for MSMEs to tap in, not only during pandemic - when other potential buyers (B2C/retail or B2B/institution) carry higher risks of default compared to government's sovereign risk - but also post pandemic. This quota is higher than that of benchmarking economies identified in this study, such as Australia's (35%), Thailand's (30%), or Russia (25%). In fulfilling this mandate, some local governments then utilize their online platform to facilitate MSMEs in accessing demand of government procurement, for example Direct Purchase from Online Shops (*Blangkon Jateng*) initiated by the local government of Central Java.

Russian legislation establishes the obligation of state-owned companies to purchase at least 25% of goods and services from SMEs, creating an opportunity to fulfill procurement value of around USD55 billion in 2021 from around 3,200 SOEs. Russia's Digitalization of Procurement service was created in order to simplify the process of SMEs participation in the procurement of major customers within the framework of the project "SMEs and support for Individual Entrepreneurship". In Thailand, the new regulations stipulate that government agencies must use at least 30% of their procurement budget to purchase specified products and services from SMEs and prioritize sourcing from SMEs located in the same province.

The spirit of removing barrier and increasing opportunities for SMEs in accessing government procurement can also be found in Australia and New Zealand. Under the Australian government's Commonwealth Procurement Rules (CPRs), potential suppliers of government procurement are required to be treated equitably based on their commercial, legal, technical and financial abilities and not be discriminated against factors such as their size, ownership or location. In achieving broader economic and social outcomes from procurements, the New

⁵ The National Public Procurement Agency (2021) and Ministry of Finance (2021), calculated by Author

Zealand government introduced a policy in December 2020 to increase the diversity of government suppliers. Mandated government agencies need to ensure that at least 5% of the total number of annual procurement contracts are awarded to Māori businesses.

Entrance to international market

With fulfilment of quality standard and other requirements, access to international market through exports remains viable market for MSMEs to enter. However, SMEs access to export is often constrained by lack of internal capabilities, such as the lack of skills and knowledge in developing internationalization strategies, identifying potential markets and buyers, and navigating foreign regulations and business practices (APEC, 2020). Government in many APEC economies provide various measures to assist MSMEs export, including support services, export promotion program, and financial support for export promotion activities.

ProChile, the Chilean export promotion agency, launched Cooperation COVID-19 (*Cooperación COVID-19*) program in 2020 to identify solutions to Chilean exporters commercially affected by COVID-19 and help SMEs in scaling-up their business to other economies through its network of Commercial and Regional Offices. As part of this initiative, ProChile publishes periodic newsletters providing information about the status of the pandemic, as well as impacts and business opportunities in foreign markets. Moreover, ProChile offers consulting services for exporters who experience difficulties in reaching other markets. Similarly, the government of Russia provides digital platform My Export to assist MSMEs in accessing a variety of government and other services, especially to support and simplify entry into the international marketplaces, including instant search and selection of the most suitable foreign marketplaces for each MSME.

The Market Development Grant is initiated by the government of Malaysia in the form of a reimbursable grant with lifetime limit of MYR300,000 (USD67,913), aiming at assisting SMEs exporters in promoting their products or services globally. The grant covers various export promotion activities, including participation in trade fairs/exhibitions/conferences and listing fees in retail market overseas. Participation in virtual events is now eligible for grant funding, to help ease the financial burden of exporters during the pandemic. Another form of reimbursable grant in Malaysia, namely Services Export Fund, provides assistance to Malaysian service providers to undertake activities to expand and venture into the international market. Eligible activities under this grant including, among others, participation in international events, travelling expenses for tender bidding, arrangement of business meetings, initial costs for setting up commercial office overseas, and preparation for fulfilling requirements of international market (market reports, prototyping, training, compliance, etc.).

In leveraging digital platform to accelerate SMEs exports, Malaysia also launched eTRADE Programme 2.0 in 2021 to assist SMEs in building presence and increasing business opportunities on cross-border e-commerce platforms. The program offers incentive of up to MYR5,000 (USD1,131) for new joining SMEs to subscribe any cross-border e-commerce platform(s) for one year. At the same time, a new incentive with maximum amount of up to MYR20,000 (USD4,527) for one year will be provided to SMEs that are already doing e-commerce to undertake digital marketing and training activities that can sustain their participation in the cross-border e-commerce platform.

In Chinese Taipei, the program of Local Cultural Industries Internationalization Counseling selected industries with potential international competitiveness (e.g., tea, ceramics, glass,

pastry, and bamboo), and provided them with guidance and counseling on product creativity, package design and marketing. This program aims to assist MSMEs to expand their overseas markets and give insight of local cultural characteristics with foreign partners by means of collaborating networks, enhancing product features, establishing distribution channels and theme industries marketing.

During the course of pandemic, the government of Indonesia under respective ministries provided various measures to increase MSMEs access to export market. In assisting MSMEs to explore export opportunities, such measures included online workshop/webinar on market information/intelligence and the product specification required by the destination market, as well as business matching. The Ministry of Trade, as the main focal point for export, focused on export facilitation measures to widen MSMEs market. The ministry facilitated MSMEs to register their product (intellectual property, halal certification, and barcode), and established Export Center in East Java to provide export consultancy, mentorship, and regular business matching for prospective exporting MSMEs in eastern part of Indonesia. Relaxation of export was also given for selected commodities (e.g., coffee). Another notable program was mentorship for exporter, which has successfully brought new exporter to a record high of 41% to total mentorship participants in 2020, exceeding initial target of 15% success rate.

2.3. MARKETING AND SALES INITIATIVES

Another policy measures to help MSMEs dealing with the COVID-19 pandemic is through marketing and sales initiatives. Many economies adopted innovative programs in this area, which mainly came in the form of discounts to customers, marketing campaigns, or integrated marketing programs.

Providing discount vouchers to stimulate demand

In Thailand, the government introduced The More You Spend, the More You Get (*Ying Chai Ying Dai*) stimulus scheme, whereas the government offers e-vouchers or cash back for purchases of merchandise, food, beverages, and services (excluding lottery, alcohol, tobacco, oil and gas for vehicle, tour services, accommodation or airplane tickets) with ceiling of THB7,000 (USD196) per person. Thailand also introduced a specific program for tourism called We Travel Together (*Rao Tiew Duay Kan*) scheme, whereas the government will subsidise five million nights of hotel accommodation at 40% of normal room rates, with the subsidy limited to THB3,000 (USD84) per night for up to five nights.

Chinese Taipei also provided discount vouchers under Quintuple Stimulus Vouchers, which particularly aims to incentivize the use of the digital vouchers. There were many options available for registering and pooling the cash voucher to credit card accounts and other e-payment tools. Subsidies will also be available for small businesses to acquire e-payment systems, and specific QR codes will be designed for businesses to identify users of digital vouchers. In addition, the government also issued Revitalization coupon worth NTD2.3 billion (USD77.2 million), which mainly targeted to domestic tourism industry.

Similar program is carried out by Indonesia under the Jakcloth program, in which the government offered discount subsidy to support Jakcloth event, the biggest clothing brand expo in Indonesia. Indonesia also offered voucher discount for traveling to support tourism sector

that has been severely hit by the social mobility restriction policy, in collaboration with some digital platforms.

Launching economy-wide campaign to support local purchase

As most MSMEs only caters local market and they are severely hit by the pandemic, many governments launched an economy-wide campaign to encourage people to purchase MSMEs' products. Indonesia, for instance, launched an economy-wide campaign to boost awareness on MSME products called Proud of Indonesian Made (*Bangga Buatan Indonesia*), which encouraged Indonesian people to purchase and use local products. This program involves lots of government bodies and offers various benefits, not only voucher to the buyers but also stimulus to the producers. Through various events throughout the year 2021, this program generates IDR57.38 billion (USD3.83 million) of sales at exhibition, IDR1.45 billion (USD96,660) from e-commerce, IDR2.7 billion (USD179,987) from export, IDR4.94 billion (US329,309) from business matching export, and IDR388.84 billion (USD25.92 million) from business matching.

Furthermore, having adopted decentralization policy across regions, each region in Indonesia has innovatively formulated policies to support its local MSMEs. Central Java is among the regions that has been actively assisted their SMEs to survive the pandemic. The Governor of Central Java has actively promoted local products through its personal social media platform. In addition to that, Central Java government also actively conducted campaigns and encouraged their local civil servants to purchase MSMEs products during pandemic under the program called Let's Spend (*Ayo Jajan*). Approaching Eid-al Fitr in 2021, the government carried out *Parcel Lebaran* program, an initiative to sell Eid-al Fitr hampers produced by MSMEs to the public.

Not only Indonesia, Canada also encourages Canadians to shop locally, under the program Shop Local with total budget allocated of CAD33 million (USD25.66 million), then Australia with Go Local First, Malaysia with Buy Malaysia campaign and New Zealand with Buy New Zealand made campaign, respectively.

Strengthening MSMEs capacity in marketing

To strengthen the SME business, Chinese Taipei introduced the Program of SMEs Digital Innovation in International Market through the New Southbound Alliance organized by Small and Medium Enterprise Administration in order to build a comprehensive international marketing strategy. The project assists SMEs in establishing the foundation of digital marketing, hosting co-marketing campaigns, and enhancing international competitiveness.

A similar approach was taken by Indonesia, whereas Indonesian Ministry of Cooperatives and SMEs introduced Foster Sibling (*Kakak Asuh*) program in 2020, in collaboration with e-marketplace such as Blibli.com and Lazada Indonesia to provide mentors acting as foster sibling to actively guide newly onboarded MSMEs in marketing their products in the digital market. Another program is promoted by Indonesian Ministry of Tourism and Creative Economy called Buy Local Creative Program (*Beli Kreatif Lokal*), whereas 500 Micro and SMEs engaging in culinary, fashion & craft subsectors in greater Jakarta area were recruited and assisted in improving their capacity in digital promotion strategies, expanding sales networks, onboarding to digital platform (e-commerce, transportation) and preparing legal

establishment (legal entities, IPR certification). Moreover, online coaching was also provided by 150 trainers to monitor the progress and revenue target.

In addition, Chinese Taipei also developed SBTR (Small Business for Township Revitalization) program, whereas the government invites SMEs to be involved in its township revitalization program, focussing on One Town One Product (OTOP). The government also encourages its people to be innovative, using the local materials to develop new product and promoting their products through organizing cultural festival. For outstanding SMEs, the government invited them to participate in the Urban and Rural Creativity Friendship Enterprise and assisted them in arranging their exhibition, publishing their products, assisting parties interested in cooperation with one-on-one negotiation, and providing them with tailor-made enterprise-specific services.

Another similar approach to strengthen the MSMEs marketing capability is taken by the Thailand government, which equipped its MSMEs with skills required to be successful in their business. The Office of SME Promotion in Thailand (OSMEP) organized a 2020 Online Entrepreneurial Development Project which was integrated with Digital Marketing. Not only the OSMEP shared their views on e-business and commerce strategies, they also provided tips on product photography, opening online stores on e-Marketplace as well as distribution channels. Furthermore, digital marketing principles were also introduced to facilitate and improve the business performance.

2.4. ENABLING INFRASTRUCTURES AND RELATED POLICIES

Apart from the three main measures supporting the MSMEs demand in the wake of COVID-19 pandemic, i.e business and product innovation, expanding market access and marketing & sales initiatives, there are several other measures aiming to assist MSMEs surviving the pandemic. These supporting policies and programs bring indirect impact in promoting MSMEs demand yet the impacts may strengthen the business foothold throughout pandemic and provide long term sustainability.

2.4.1. Digital Literacy and Infrastructure

Compared to large enterprises, many SMEs have not yet leveraged on digital technologies to support their business. Lack of skills is one of the greatest barriers to SME digital adoption, often resulted from SME's resource constraints such as limited access to finance, lack of motivation to undertake or complete training, or awareness and time constraints (OECD, 2021d). These constraints in internal capabilities may also be exacerbated in SMEs led by vulnerable communities; for example, women from Black, Asian and minority ethnic (BAME) communities that may face increased challenges around self-efficacy and autonomy, which affects their confidence in learning digital skills for business (OECD/EU, 2017 in Good Things Foundation, 2019).

Apart from internal capabilities, MSME digitalization is also affected by external influences, such as local digital ecosystem, MSME's business network, and broader social and policy environment (ILO, 2021). While government may act as the main focal point through policy making, the involvement of digital players from private sector also take part in advancing the business ecosystem. This study has seen some policies/programs that have been successful in accelerating MSMEs digitalization and improving SMEs digital capabilities, either driven by the policy makers or in collaboration with private sectors/digital players.

Understanding current level of digital maturity is one of the early steps in integrating digitalization into MSMEs business strategy and operations. The government of Chile developed an online platform Digitize Your SME (*Digitaliza tu Pyme*) with a self-diagnostic tool to determine the level of digital maturity of SMEs and guide them in their digital transformation process. Further access to learn about the digital skills is supported by other platforms, among others Dare Digital (*Atrévete Digital*), Online SME (*Pymes en Línea*), Digital Route (*Ruta Digital*), and MSE Take-Off (*Despega MIPE*), which became the essential capacity building programs during pandemic.

Supporting programs in the form of grant were also introduced by some APEC economies, to assist small business in adopting technologies and online-based operations. For instance, Canada's Digital Transformation Grant was launched in 2021 to provide a one-time CAD2,500 (USD1,943) grant to brick-and-mortar small businesses to support their digital transformation. The government of Malaysia launched SME Business Digitalization Grant in 2020, providing a 50% matching grant of up to MYR5,000 (USD1,131) per company for the subscription of the approved digital services related to e-commerce, productivity, and digital marketing.

In enhancing SMEs digital capabilities, Chinese Taipei introduced the program of Enhancing the Digital Engagement of SMEs, and the program of Assistance for Micro and Small Enterprises by Using Cloud Service and Digital Transformation in Commercial District. The digital infrastructure is a crucial part of the program, hence some infrastructures are developed and introduced, such as digital marketing tools for different regions and clusters. This has improved the synergy of digital service and widened business opportunities for participating SMEs. To enhance digital awareness, the program has also employed various methods to allow the sharing of cases and experiences in digital transformation - local activities, talks or lectures, observational learning - in order to attract more people to participate in the events and share their experiences.

The utilization of mobile technology has accelerated the digital transformation in SMEs. The Government of Indonesia under the Ministry of Communication and Informatics distributed free mobile phone to Micro and SMEs, in collaboration with telecommunication service providers to remove one of MSMEs' main hurdles in technology acquisition.

Within the digital economy ecosystem, the use of digital payment system has become an important endeavor. To facilitate instant (24/7) transfer of money through mobile application regardless of the originating or destination bank, the Bank of Russia offers Fast Payment System (FPS) as payment option. To increase the adoption and usage of this system, the Government of Russia refunded the FPS fees charged to SMEs for certain period during 2021.

2.4.2. Affirmative Policy for MSMEs

Constrained by limited resources and internal capabilities, MSMEs require institutional and structural support to boost its growth, particularly during challenging times of pandemic. Affirmative policy for MSMEs is then critical for MSME's survival and sustainability. Many APEC economies have implemented various policies and programs, which include simplification in bureaucracy for MSMEs and dedicated coaching or capacity buildings for MSMEs of vulnerable groups.

Cutting red-tape to boost MSMEs growth

In Indonesia, the government established an affirmative action for Micro and SMEs (MSME) by issuing the Government Regulation Number 7 Year 2021 on Ease, Protection, and Empowerment of Cooperatives and Micro, Small and Medium Enterprises, covering three areas of supports from central and local governments to MSME: legal, production and financing, and post-production and marketing. This regulation is a derivative of the Omnibus Law launched in 2020, focusing on the comprehensive efforts to boost MSMEs growth, among others through simplifying procedures and free charges in licensing/permit process, building MSMEs database, facilitating dedicated spaces for MSMEs in public facilities, allocating 40% quota in government procurement. Moreover, Omnibus Law also eases MSMEs in emphasizing their potential of going digital through business incubation assistance. A risk-based approach was implemented in the construction of Omnibus Law, therefore MSMEs, entities with higher possibility to get affected by any disruption, were having a huge support in many aspects. Indonesia also has Online Single Submission (OSS) initiative. This initiative adopted a risk-based approach in its licensing, whereas businesses are categorized into low-risk, medium-risk, and high-risk based on business risk level, hazard level, and land area. The number of documents required will depend on the associated business risk. Business that carries higher risk will require more documents to submit, and vice versa.

Not only Indonesia, Canada also adopted policy which simplifies bureaucracy for MSME. Canada particularly lowered the Cost of Doing Business by Reducing Credit Card Transaction Fees. The government also removed barriers to trade between provinces and territories to assist regional economies to grow. A more advanced approach is adopted by New Zealand, which introduced Business Connect platform, a digital service platform that allows businesses to apply for licences and/or permits from different government agencies - all in one place. This platform supports the drive towards a more consistent and coordinated business experience with government, providing businesses with a more transparent view, as well as reducing time and effort previously allocated when dealing with the government. Meanwhile, Chile also allowed the establishment of firms and companies through online at zero cost.

Supporting vulnerable groups and women entrepreneurs

Other important measure to support MSME is the coaching element, especially those of vulnerable groups. Chinese Taipei, for instance, has specific program for disadvantaged groups, such as young people under 35, women and minority groups, called Rapid Response and Recovery Programme. The program offers five different training programmes to more than 1,000 entrepreneurs, running a large variety of different businesses. The program particularly focuses on helping them to accomplish a digital transformation of their business, especially retail businesses, which sales are impacted most by the implementation of social mobility restrictions.

A relatively similar program is adopted by Malaysia who has Women Netpreneur Programme, which focussed on assisting women entrepreneurs to start and grow their businesses online. The programme is conducted in collaboration with Gorgeous Geeks Malaysia; with partners such as Google, Shopee, Lazada, Lelong, Facebook, Buy Malaysia (MPay) and Global Halal Data Pool. In addition to that, Malaysia also has Micro Connector Programme, which aims to provide simplified early-stage assistance for microenterprises to set up and run a business as well as to train the inclusive group including youth, women, and the bottom 40% low income

group and other communities to gain new skillset for income generation through entrepreneurship.

Indonesia also introduced specific program for women which belong to the vulnerable group called Home Industry Model (*Model Industri Rumahan*) program, which has successfully reached 3,700 women entrepreneurs in 16 provinces in Indonesia. Other capacity building for women is Sispreneur Incubation Program, which is initiated by private company-XL Axiata and the Indonesia's Ministry of Women's Empowerment and Child Protection. Participated by 1,000 women entrepreneurs from more than 20 provinces across Indonesia, 2021 Sispreneur Incubation Program offers a number of trainings such as business planning, marketing and branding, financial literacy, and promotion through digital marketing.

Another economy which has specific program for women is Viet Nam, called the National Strategy on Gender Equality 2021-2030. This program aims to foster Vietnam's gender equality and women entrepreneurship. Prior to 2020 the program targeted to increase the share of SMEs owned by women to at least 35% by 2020. This strategy outlined a number of solutions for increasing women's participation in entrepreneurship, including ensuring conditions for women's full and equal access to economic resources (e.g. credit, land and market information), training and capacity building. In addition, Viet Nam's Law on Support to SMEs (2017) has outlined preferential measures for women-owned SMEs, specifically, in cases where SMEs are eligible for state support, priority should be given to women-owned SMEs and SMEs employing more women. Furthermore, in 2019 the government also provided 100% subsidy for expenses for training in entrepreneurship, business administration, and advanced business administration for women at women-owned SMEs.

2.4.3. Financial Relief

Access to financial support is critical to assist MSMEs survival throughout pandemic. Study by OECD (2021b) affirmed that SMEs have difficulties in obtaining external financing compared to their larger peers, which causes them typically more vulnerable in any economic downturn. Notably, SMEs have traditionally relied heavily on bank lending, which in the context of a crisis can become increasingly expensive and hard to access. They also have fewer possibilities to use equity or bond markets and are usually less informed about alternative funding sources. Many APEC economies have introduced financial support to assist MSMEs survival by providing wage subsidies, access to financing, and other incentives/subsidies.

Providing financial support to maintain employment

The need for financial support is further intensified during pandemic as MSME's sales dropped substantially, while operating expenses particularly in form of employee expenses stayed high. Consequently, there are lots of economies introduced policy support specifically targeted to the employees. This policy aims to ensure that there is no massive layoff which will raise unemployment level in the economy. In Canada, for instance, the government introduced Wage and Hiring Support program, which offers subsidy to cover part of employee wages. The government also introduced Jobs and Growth Fund, which provides funding to businesses and organizations to help creating jobs and positioning local economies for long-term growth. Further, the government also promoted Extending the Work Sharing Program, a Work-Sharing agreement that helps employers and employees to avoid layoffs. The agreement provides income support to employees who are eligible for Employment Insurance benefits.

In Chinese Taipei, the government introduced Employment Subsidies to help employees, whereas workers who lost jobs during pandemic will receive the usual unemployment payments, and companies hiring these workers will receive compensation. As for employers, government assistance will go mainly toward stabilizing employment relations. Priority assistance will be given to affected SMEs and high-risk manufacturers for health and safety-focused facility and equipment upgrades during the pandemic. Similar to Chinese Taipei, the government In New Zealand also offers wage subsidy to support the employers to retain its employees; similar program was launched by the government in Thailand under Job Retention & SME Boost Up Program, which aims to promote and maintain employment at SMEs and strengthen their businesses.

In Indonesia, the Ministry of Manpower provides Wage Subsidy to support workers' economic capabilities during COVID-19 pandemic. Available for two months, the subsidy is amounted to IDR500,000 (USD33.4) per month. The beneficiary of this program is targeted to the employees who are registered as active participants of Employment Social Security program (BPJS) and have a salary of at most IDR3.5 million (USD233.6). As of November 2021, the number of beneficiaries had reached 6.6 million workers with a total spending around IDR6 trillion (USD400.47 million). In 2022 the program is continued with the number of beneficiaries targeted to reach 8.8 million of workers.

In Viet Nam, the government introduced Financial Support for Employee, whereas VND1.8 million (about USD77) per month will be given to employees working under labor contracts who have had to agree with their employers (which, due to the COVID-19 pandemic, do not have sources of income to pay salaries) to suspend their contracts or take unpaid leave for a period of one month or above. There are also permission to suspend their contributions to the pension and survivor funds of the employee. Should an employer be forced to reduce its workforce by 50% or more due to pandemic, both the employer and its employees will be permitted to suspend their contributions to the pension and survivor funds of the employees for a maximum of 12 months.

Offering soft loans to assist MSMEs weathering the crisis

Apart from direct employment measures, some economies offer wide range of soft loans facilities to help MSME to survive the pandemic. As highlighted by Gunartin et al. (2021), small businesses cannot access the financing needed to respond to changes such as the COVID-19 pandemic, which requires adjustments and strengthening of financial management due to lower liquidity reserves, limited collateral held, and uncertainty in the realization of loans from creditors or withdrawing funds from investors during economic crisis (Fairlie & Fossen, 2022). Another study by Kalemli-Ozcan et al. (2020) which surveyed 17 economies in Europe suggested that in the absence of government intervention, the rate of SME failures would have almost doubled, increasing by 9.1 percentage points in 2020. There was significant heterogeneity in the rate of SME failures both across sectors and across economies due to factors such as firm profitability and cash holdings and estimates of sectoral COVID-19 supply and demand shocks.

In other words, the government intervention is crucial to support MSME in dealing with the crisis. Therefore, in New Zealand, for instance, the government provides Business Finance Guarantee Scheme (BFGS), which was launched to help SMEs in accessing financing for cash flow, capital, and projects. The government also provides Small Business Cashflow Loan

Scheme, whereas the Government offers zero lending rate to small businesses, including sole traders and self-employed to support their cash flow needs and cover their fixed cost.

In Chile, the government introduced several measures to ease the access to financing, such as CORFO MSME Credit that expands and improves the supply of financing for MSMEs through non-bank financial institutions. The government also provides guaranteed scheme for loans by FOGAPE-COVID which give state collaterals for credits for small enterprises besides corporates. The program guaranteed between 60% and 85% of the amount of each loan, depending on the size of the firm.

A relatively similar program like Chile is also found in Chinese Taipei, where the government provides co-guarantee scheme for SMEs to obtain loans. Chinese Taipei's Taiwan SMEG (SME Guarantee Fund of Taiwan) collaborated with central government, local governments, and private enterprises to implement this scheme, of which each share their funding commitment to support SMEs (called donating institutions). SMEs seeks for letter of recommendation from donating institutions to be submitted to the Financial Institutions to get a loan. This Financial Institution will then ask for credit guarantee from Taiwan SMEG, which will become the basis for them to disburse the loans.

In Canada, the government provides introduced soft loans called Highly Affected Sectors Credit Availability Program (HASCAP), which provides businesses affected by COVID-19 with guaranteed access, low-interest loans of between CAD25,000 (USD19,438) to CAD1 million (USD777,540) to cover their operational cash flow. The program is available to businesses primarily operate on in-person services such as tourism and hospitality or restaurants. There is also Mid-Market Financing Program, Junior loans ranging between CAD12.5 million (USD9.7 million) and CAD60 million (USD46.66 million) for medium-sized businesses particularly impacted by the COVID-19 pandemic and Co-Lending Program Up to CAD12.5 million (USD9.7 million) for operational cash flow requirement.

Besides Canada, Malaysia also offered various financial relief programs to support SME during pandemic. Apart from introducing Economic Stimulus Package in form of tax incentive or subsidy, the economy also provides special relief facility in form of working capital for SMEs at subsidized interest rates worth MYR2 billion (USD452.76 million). Besides SMEs, the government also has special PRIHATIN Grant amounting to MYR2.1 billion (USD475.4 million) for eligible micro enterprises. Specific for micro business scheme, the government offers 0% Micro Credit Scheme totalling MYR500 million (USD113.2 million) under Bank Simpanan Nasional (BSN). The soft loan scheme for micro enterprises is also extended by TEKUN Nasional with a total budget of MYR200 million (USD45.28 million). For SMEs which already has borrowings, a three month loan repayment moratorium or 50% cut in loans repayment are offered under the Relief for Loan repayments for SME program.

In Indonesia, the government went for many measures under a comprehensive program called National Economic Recovery program. The program allocated IDR171.77 trillion (USD11.465 trillion) to support cooperatives and Micro and SMEs (MSMEs), distributed in forms of tax subsidy, special interest for MSME players and credit guarantee scheme. Moreover, Indonesia also has Productive Micro Loans (*Bantuan Produktif Usaha Mikro*) for micro-entrepreneurs who never borrow from a bank, which was launched by the Ministry of Cooperatives to provide micro enterprises with direct cash support amounting to IDR2.4 million (USD160) for each enterprise. In addition, the government of Indonesia also launched Government Incentive Aid

(*Bantuan Insentif Pemerintah*), which is a grant for working capital and capital expenditure purposes.

Not only provided by Indonesia's central government, local government also offers financial support for its local entrepreneurs. The Central Java government, for instance, introduced Online consultation for financing access (*Aplikasi Kabayan – Konsultasi Online Akses Pembiayaan*), a mobile application that provides information on available funding programs for Micro and SMEs. Another program called Do Not Trust the Loanshark (*Ojo Percoyo Karo Renternir – OJIR*) is prepared by local government in Malang, East Java, which provides a non-secured loans with 24 months tenor and zero interest rate (a subsidy from Indonesia's National Zakat Agency – BAZNAS).

2.4.4. Other Policies/Programs

This study has also seen some policies and programs that cater to specific sector or area and may bring unique leverage or practical solutions to assist MSMEs survival during pandemic.

Direct assistance/in kind support for MSMEs

Beyond capacity building or cash-basis grants, some programs from the government of Indonesia took a format of non-cash/in-kind assistance to directly assist Micro and SMEs (MSMEs) in their production process. For example, the Ministry of Marine and Fisheries distributed fish processing equipment and storage facilities to help fishery SMEs pivoting their business to frozen/processed food. In supporting MSMEs' onboarding to e-marketplace, the Ministry of Communication and Informatics in collaboration with private sectors facilitated free cellphones to Micro and SMEs. In assisting MSMEs in food and beverage industry, the local government of Central Java supported raw materials for production (sugar, flour, oil, eggs, etc.) for MSMEs that was greatly hit by the pandemic.

Integrating support with mental health issue

Putting pandemic aside, extent evidence indicates that the owners/managers of SMEs already have a high risk of experiencing occupational stress, burnout, and depression (Martin et al., 2020). Heightened business risk amidst pandemic would then result to arising cases of mental health issues amongst SMEs. Concerns about the continuity of the business, increasing difficulty of finding consumers, reduced income, and concerns on safety are among few factors triggering anxiety (Risnawaty et al., 2022).

The government of New Zealand, under its Auckland Business Support program, announced an economic support package to support businesses affected by higher alert levels as the economy transitions to the new COVID-19 Protection Framework in 2021. It includes a NZD60 million (USD37.94 million) package for business advice and mental health support for Auckland businesses through this transition, specifically to provide advisory support, implementation of advice, as well as mental health and wellbeing support.

3. LESSON LEARNED

Various policies and programs presented in previous chapter illustrate diverse strategies across APEC economies in reviving MSMEs demand in the wake of COVID-19 pandemic. This chapter will present key learnings and insights from such policies/programs. In addition, this section will also highlight notable policies/programs that have been successful in delivering substantial impact to MSMEs demand during pandemic, or those that may bring potential demand post-pandemic.

3.1. BUSINESS AND PRODUCT INNOVATION

When pandemic hit the world, many economies introduced programs to flourish innovation, either in product or business model. Driven by SMEs drawbacks of having limited resources/capabilities and vulnerable business models, these efforts were relevant to assist MSMEs in adapting to the changing business demand and environment. This study identifies several types of programs that serve this goal, such as the provision of grant to fund development or implementation of innovation strategy, capacity building programs to equip MSMEs with innovation-related skills, or ongoing coaching assistance to connect MSMEs with information, experts, and advisors/mentors.

While these tactical programs are critical to assist MSMEs survival during pandemic, it is equally important to facilitate a sustainable, long-term program of comprehensive capacity building that aims to instill innovation skills for MSMEs. These innovation skills will lay the foundations for MSMEs to scale up and equip MSMEs to become capable of pivoting or developing their business when the opportunity arises. In that regard, long-term policies/programs which provide innovation-related capacity building initiatives and ongoing consulting or advisory services from MSMEs-focused platform may contribute to MSMEs resilience post-pandemic.

Across programs and policies, we have seen the importance of addressing digital skills as part of innovation measures. MSMEs capability to participate in digital economy or utilize technology to enhance efficiency becomes increasingly relevant to improve their resilience in the future. Apart from focusing on digitalization, we also saw policies and programs to boost innovation by improving competitiveness of potential products/commodities, such as the cluster programs from Indonesia. By establishing clusters of focused sectors based on local capabilities (e.g., Javanese batik, Wakatobi seaweed, etc.), concerted efforts can be strategized to improve MSMEs capabilities in seizing potential demand.

Many APEC economies also put strong emphasize in coaching assistance to MSMEs, ranging from business advisories, growth strategies, or business matching. Embedding intensive coaching to capacity building program marks a key feature for impactful program for MSMEs, as shown in *UMKM Juara* program.

Box 3.1. *UMKM Juara*: Scaling up Micro and SMEs capability through intensive coaching program

Initiated since 2019, *UMKM Juara* (Excellent Micro and SMEs) is a program by the local government of West Java - Indonesia that provides holistic capacity building program for Micro and SMEs (MSMEs). Shortlisted MSMEs will receive six-month mentoring and training by experts covering business analysis, financing, marketing, digital marketing, legal and concluded by business meeting/pitching and exhibitions at the end of the program. The top graduate of this program will then be invited for further assistance in market access, such as business matching and onboarding to e-commerce platform.

When the pandemic hit Indonesia, the program was shortened to two months period and delivered in hybrid format (offline and online). Specifically in 2020, the program content focused on survival motivation, financial literacy, cash flow management, marketing strategy during the pandemic, business digitalization, product catalogue, and business pitching to investors. As part of collaboration with established e-commerce platforms, the onboarding MSMEs received lower rate of platform fees. This mutual partnership benefited both parties; MSMEs recorded incremental sales from new digital channel, while the platforms obtained additional traffic from new merchants.

As of 2021, this program has trained more than 6,800 MSMEs in various sectors, such as food and beverages, crafts, culinary, fashion, or services. Successfully paving the way for MSMEs to scale up its business capacity, notable features of this program are: (1) the provision of coaching and mentoring to closely monitor progress and evaluate performance of MSMEs during the capacity building period; and (2) end-to-end entrepreneurial/business acumen topics to cover, allowing the entrepreneurs to build comprehensive business skills.

Still one of the championship programs for MSMEs from West Java, *UMKM Juara* will be held again this year. Due to the improvement of pandemic conditions, *UMKM Juara* will last for four months from June to September 2022. The West Java Cooperatives and Small Business Agency targets 4,000 MSMEs to join this program. This target has increased from 3,500 MSMEs in the previous year. The advantages that will be obtained by MSMEs are strengthening their businesses and business management for MSMEs to be able to promote, from small to medium scale, as well as optimizing technology in doing business as possible.

The theme of this year's *UMKM Juara* is "Developing MSME Business Scale through Utilization of Information Technology", this program will focus more on introducing the digital world to MSMEs. Also, this can be the initial step for MSMEs who want to expand their market opportunities, because in this case, the government will provide facilities in the form of exhibitions for potential MSMEs. Not only on a national scale, but the government will provide facilitation to the international market as well. MSME actors who want to upgrade to such a scale need the knowledge of doing business in a digital context in order to be competitive.

In terms of facilitation, the West Java regional bank (Bank BJB), will also contribute to helping MSMEs financially and non-financially. Financially, the support provided is in the form of KUR, while non-financially it is in the form of free assistance and training.

3.2. EXPANDING MARKET ACCESS

Onboarding to digital platform becomes a sensible pathway for MSMEs in reaching their customers during mobility restrictions. Even post-pandemic, digitalization remains relevant for MSMEs to grow their presence, expand sales channels, while at the same time enhance business efficiency. At the onset of pandemic, many economies utilize digital platforms that have been developed beforehand, or even create a new one, to showcase MSMEs products virtually. A collaboration between government and established or global chain marketplace was also a quick win to serve this purpose.

In connecting MSMEs with potential new customers, government can help through link and match program with potential customers from B2B/large corporations, both private companies and State-Owned Enterprises (SOEs). The benefit of this partnership extends beyond market access solely, but also on potential access to resources (financing, technology, infrastructure) and enhancement of MSME capabilities through mentorship.

Potential demand from government procurement illustrates huge opportunities for MSMEs to tap in. Procurement of government agencies or SOEs comprise a large value, and the supporting policy that set quota for MSMEs in the procurement process establish a big market opportunity. Removing barrier to simplify the process and increasing opportunities for MSMEs in accessing this market are then pivotal.

Box 3.2. Government procurement: Optimizing market access privilege for SMEs

The government of Indonesia set out Micro and SMEs (MSMEs) participation in government procurement under Government Regulation No. 7/2021 concerning Ease, Protection, and Empowerment of Cooperatives and Micro, Small and Medium Enterprises. As the derivative decree of Law No. 11/2020 concerning Omnibus Law on Job Creation, this policy aims to provide MSMEs business certainty and development in order to increase their capacity and competitiveness. Taking into effect since 2 February 2021, the government regulation stipulates that ministries, agencies and local governments are mandated to allocate at least 40% of their spending for MSMEs and cooperatives products/services. The same mandate is also encouraged for state-owned enterprises and regional-owned enterprises.

Since 2002, Indonesia has applied an e-procurement mechanism for both central and local governments. Due to the COVID-19 pandemic, National Public Procurement Agency (*Lembaga kebijakan Pengadaan Barang Jasa Pemerintah/LKPP*) in collaboration with e-marketplaces launched *Bela Pengadaan* program in 2020. The *Bela Pengadaan* program simplifies MSMEs participation in government procurement valued under IDR50 million (USD3,335) by performing the procurement process through LKPP's e-marketplaces partners as the commodities aggregators. As of mid-2022, 38 e-marketplaces have become LKPP's aggregators. The total transactions reached IDR421.1 billion (USD28.1 million), and as many as 291,464 MSMEs were involved.

The Australian government encourages SMEs to participate in government procurements through Commonwealth Procurement Rules (CPR) that was commenced on 14 December 2020. CPR aims at enabling SMEs access to a fair competition, relatively small barriers to entry, and achieve benefits from the program. Under this policy, non-corporate Commonwealth entities is obliged to source at least 10 per cent of all contracts from SMEs; and specifically for contracts with value up to AUD 20 million (USD13.76 million), the quota for sourcing from SMEs is 35%. In 2020-2021, 86% of Australian Government suppliers were estimated to be SMEs. Around 27% of all contracts by value were awarded to SMEs, exceeding the target of 10%. Of all contracts valued up to AUD 20 million (USD13.76 million), SMEs were estimated to be awarded AUD 11.8 billion (USD 8.12 billion) or 43%, well above the target of 35%. As of 1 July 2022, the Australia government simplifies the mechanism by disaggregating large projects into smaller packages to make sure more SMEs can compete.

The government of Thailand, under the amended ministerial regulations on supplies and procurement in 2020, mandates the government agencies to spend at least 30% procurement on SMEs products/services. Providing access to government procurement market of THB1.3 trillion (USD36.4 billion), the policy also enables SMEs price competitiveness by allowing SMEs to bid the tender no more that 10% higher than the lowest price. The procurement process is conducted through 'THAI SME-GP' platform, launched on 1 October 2020. As of April 2021, the number of SMEs registering for government procurement amounted to 12,046.

In expanding access to international market, assistance for SMEs starts from the provision of market intelligence. Many economies provide digital platform that informing latest trends, market opportunities, and introducing potential foreign business partners. Various export promotion strategies were also supported, such as capacity building on product development, participation in trade fairs, or onboarding to cross-border e-commerce platform.

3.3. MARKETING AND SALES INITIATIVES

Technology enables wider marketing and sales channels through e-commerce/digital platforms. Many economies can effectively disburse its marketing support (either in form of discount, direct cash, or promotion campaign) through these channels during social mobility restrictions. The impact has been quite sizable following massive MSMEs onboarding to the digital platform. The use of social media for broader marketing channels has proved to be effective and fruitful in improving SME business (Chatterjee & Kar, 2020). Furthermore, accommodating e-marketing also increases the economies of scope, resulting in increased sales (Qashou & Saleh, 2018). Technology also plays an important role for SME to be more agile in the digital payment system era and support SME in approaching customers across social classes (Karim et al., 2022).

However, a thorough policy implementation is required to take advantage of this technological development. MSME's classic issues, i.e., limited resources and capability, requires intensive trainings to build the necessary skillset to be successful in the digital world. Furthermore, the government's initiative to collaborate with the digital partners are also crucial to support MSMEs surviving the pandemic. Chinese Taipei's program of Uninterrupted Delivery of Taipei Gourmet Delicacies is a good example of the government's cooperation with food delivery service providers, culinary platforms, and mobile payment providers to promote culinary delicacies of the city and assist platforms in the dissemination of information on discounts offered by culinary businesses. Another example is Indonesia's *Bangga Buatan Indonesia* (BBI) program that campaigns an economy-wide movement to purchase and use local products, involving all government bodies to participate in the program.

Box 3.3. *Bangga Buatan Indonesia*: Indonesia's movement to campaign Micro and SME products

Proud of Indonesian Made Products or *Bangga Buatan Indonesia* (BBI) is an economy-wide movement introduced by the President of Indonesia in 2020. To implement this movement, the President of Indonesia appointed Coordinating Minister of Maritime and Investment Affairs to lead the team, aiming to support the growth of Indonesian economy through stronger Micro and SMEs (MSMEs). The role of this team are (1) to conduct activities to achieve BBI target, (2) to align the BBI program with the BBI public campaign, (3) to monitor and evaluate the implementation and (4) to report the progress. Including in the activities to achieve the BBI target are increasing the number of MSMEs onboarded into the digital ecosystem, growing the amount of sales or transaction of local products, expanding market and providing economic stimulus for MSMEs.

In summary, BBI is a concerted and comprehensive effort, starting from wide campaign to encourage customers to purchase local products to providing stimulus and trainings by the government to push MSMEs onboard into the digital platform. There is a dedicated website – banggabuatanindonesia.co.id – provided to disseminate information about upcoming events or seminar or trainings to strengthen MSMEs capability. While the government (not only the central government and its ministries, but also State Owned Enterprises and municipal governments) showed a strong support to grow the MSMEs sector - such as by allocating certain percentage of government procurement to the MSMEs segment, this movement also encouraged participation from SMEs to help each other (mutual cooperation among MSMEs).

In the first year of its implementation, the tagline was #KitaBelaKitaBeli (or we protect and we purchase local products). More than 3.8 million creative businesses and MSMEs successfully onboarded in the first year, exceeding the initial target of 2 million.

In the second year, the focus was Indonesian Artisan Products, aiming towards the development of local content and resources. This has successfully invited local artisan products with various innovative themes, like: “The Artisan Story” by West Java, whereas the local artisan products such as crafts, jewelry, bamboo-made furniture, and *batik* were showcased both in the exhibition and online marketplace; “Pelangi Sulawesi” (Sulawesi’s wonderful color) by Sulawesi, whereas both central and local governments were collaborated to carry out MSMEs product curation, training on digitalization and virtual exhibition; “Aroma Maluku” (Maluku’s Senses) by Maluku, which came in form of live shopping activities covering culinary, fashion and crafts prepared by MSMEs. According to the Indonesian Ministry of Industry (2022), at the end of 2021, BBI has successfully increased total MSMEs onboard by 9.2 million. Meanwhile, total MSMEs conducted digital transformation reached 18.5 million or 97.3% of MSMEs Going Digital target by 2022 (VOI, 2022).

In other words, the marketing and sales initiatives should go beyond the provision of discounts, sales vouchers to the buyers, but to prepare the MSMEs to have the necessary tools to take the full benefit of the marketing campaign promoted by the government. This approach is very crucial to ensure the success of the marketing programs initiated by the government.

3.4. ENABLING INFRASTRUCTURES AND RELATED POLICIES

Knowledge surrounding digital skills has become more important during the pandemic and continues to grow as a digital transformation is highly required to ensure business growth and resilience in the long run. Various programs have been established to build MSMEs capability in digital-related skills. A comprehensive capacity building in this area should start from

assessing the digital maturity and identifying potential route for digital transformation, then followed by respective learning or assistance program for upskilling. Apart from the skill improvement, supporting programs to improve MSMEs access to digital infrastructure are equally important. To foster enabling digital ecosystem for MSMEs to thrive, some supporting infrastructures that the study found include internet infrastructure, digital products/services (e-commerce, cloud services, digital marketing), or digital payment infrastructure.

Various affirmative policies for MSMEs have been identified across economies. Aiming at boosting MSMEs competitiveness, these policies and programs remove barriers and simplify procedures that hamper MSMEs due to their shortcomings in business size, capabilities, or legal structure. During challenging times of pandemic, affirmative policies should also be directed to protect vulnerable groups who would be affected more severely. Many programs have targeted women, minorities, and disadvantaged communities to provide capacity building and coaching assistance. An economy-wide policy framework to support such preferential treatment, such as Viet Nam's National Strategy of Gender Equality, would provide stronger commitment for supporting/implementing programs and long-term pursuit of inclusive economic growth.

Meanwhile, other related policies/programs in financial support have played crucial role in extending MSME's lifeline during pandemic crisis. Almost all economies have provided financial relief program such as subsidies and soft loans, aiming to protect employment in the short-run and assist MSMEs in covering operational expenses or reactivating their business. This measure is important not only to maintain employment rate, but also to support economic recovery. Amidst mobility restrictions, the use of technology to disseminate information and simplify procedures for accessing financial support brings an opportunity to reach out MSMEs efficiently.

3.5. CHALLENGES AND OPPORTUNITIES

While mapping out available government programs, this study also identifies some challenges and opportunities that may give rise to future improvements and formulation of new programs.

Access to policy/program information

Some economies reported that access to information of government programs remained an issue. Furthermore, MSMEs often encounter problems when trying to participate in the programs. Dissemination and publication have become the key for successful implementation of the program, in addition to easy access and accurate policy articulation. A study by Bhinekawati (2016) in Australia highlighted that collaboration with local institutions were imperative when dealing with small businesses. Local institutions should have better understanding on the local perspective towards certain policy/programs.

Another study by Humphries et al. (2021) confirmed the presence of information friction, whereas SMEs often encountered problems in understanding policies targeted to them. The study suggests "light touch" informational intervention can make public policies for small businesses much more effective and reach more people.

Similar issues applied to vulnerable groups. In addition to providing wider policies option, a friendly approach will support the optimal implementation of the programs. Other important

aspect of this affirmative policy is the implementation of close monitoring towards the impact of such policy to understand the benefit received from the policies, thus allowing fine-tuning for any ineffective policy measures.

Tedious procedure and bureaucracy to take benefit of government programs

This is particularly true for soft loans, whereas the procedure to obtain such loans are often tedious. A study by ILO about the case in Indonesia by ILO (2019) highlighted that to get access to financial services, Micro and SMEs (MSMEs) must take efforts to become more "bankable". Many MSMEs should develop a more business-like perspective rather than viewing their firm as an extension of family activities.

Another study by (OECD, 2018a) highlighted the complexity of regulatory procedures which continues to be a significant impediment to entrepreneurship. While much progress has been made in communicating and simplifying laws and procedures, issues with complicated license and permission systems persist. Recent initiatives in addressing this issue include reducing red tape for businesses and increasing the openness and cost-efficiency of administrative regulations. Dedicated institutions have also been established to assist SMEs and entrepreneurs in navigating the regulatory environment, notably through e-government services (OECD, 2018a).

In short, a simplified procedure is crucial to allow MSMEs to take benefit of any policy issued. Their limited resources often become a drawback for them to explore any government policy, despite the benefits entail.

Lack of coordination among implementing agencies

During policy implementation, coordination often becomes an issue particularly when a policy involves many government agencies. A study by ERIA & OECD (2014) highlighted implementation of Thailand's strategy promoting SMEs which primarily reliant on good coordination and facilitation across relevant government entities. The Office of SMEs Promotion (OSMEP) is mandated by law to serve as the central policy and program coordination organization. In practice, many initiatives and programs are carried out without clearly indicating how budgets should be distributed. In Indonesia, the major regulatory difficulties are the lack of proper legislative frameworks around the digital economy and a lack of harmonization and coordination among government agencies (Capri, 2019).

In order to address the problems, each economy should enhance and deepen the coordination mechanisms among government agencies and build a system to track and monitor MSME policies and programs developed and implemented by various government agencies.

Promoting collaboration with other stakeholders

Many MSMEs rely on the government, business associations, or Civil Society Organizations (CSO) when encounter commonly shared issues amongst them. The reason is both government and the associations/CSOs are well connected and well informed with the recent condition of the MSMEs as well as general outlook of macroeconomy or specific sector. Collaboration between government and business associations/CSOs is required to ensure the exchange of information about MSMEs challenges and opportunities, with an objective to find solution in

the form of newly created markets for the members of the association, or for MSMEs in a specific sector or region.

This study therefore recommends the establishment of more collaborations among the key stakeholders, e.g., between the government and business associations, between business associations with another group of private sectors, between the government and financial institutions – including collaboration with fintech – or between business associations with financial institutions.

4. RECOMMENDATION

The COVID-19 pandemic was started as a health crisis but then widened out to an economic crisis due to health and safety measures that followed. Prolonged uncertainties have heightened the risk of MSMEs survival, thus pressing a concerted effort to quickly recover MSMEs demand while navigating macroeconomic recovery. In 2022, after two years of pandemic, massive efforts in vaccination programs have brought positive prospects on economic recovery and business environment as the ability of society to cope with pandemic has improved significantly. Nevertheless, uncertainties linger as potential recurring challenges from virus mutations or other potential crises may hamper future growth opportunities for MSMEs demand.

Along the cycles of crisis, different stage/phase of crisis would require different focus in the policies and programs. Similarly, policies/programs introduced at the outset of pandemic outbreak would have different objectives with those launched at the later stage. This study has identified various policies/programs that APEC economies launched and implemented during the early stages of the pandemic in 2020 as well as during the gradual recovery in the end of 2021.

This study synthesizes policies/programs objectives that can serve as: (1) short term quick wins, namely potential policies/programs that can deliver high impact to boost MSMEs demand within short timeframe of implementation especially at the early stage of crisis; and (2) medium to long term strategic initiatives, namely potential policies/programs that provide foundations of MSMEs resilience to further develop the MSMEs capacity and capability for greater contribution to the economy in the long run.

Both objectives are required to ensure that MSMEs can survive during the crisis, contribute to economic recovery, and thrive in the long-term post-crisis. Building upon the select successful policies/programs found across APEC economies, some structural policy recommendations are presented in Table 4.1. which can serve as policy implementations in the future or in different economies as an effort to improve the ability to absorb future economic shocks that affect SMEs' demand.

Table 4.1. Key Policy/Program Objectives to Assist MSMEs in the Wake of COVID-19 Pandemic and Onwards

Policy/Program Objective	Short Term Quick Wins	Medium to Long Term Strategic Initiatives
(1) Business and Product Innovation	<ul style="list-style-type: none"> Improving MSMEs capability to tailor their products to meet emerging demand Improving MSMEs capability to pivot their business model to adapt to changing market environment Optimizing the role of MSME-focused agencies/institutions 	<ul style="list-style-type: none"> Developing MSMEs capability in innovation skills Improving MSMEs efficiency and competitiveness through the use of technology Leveraging the role of MSME-focused agencies/institutions to foster

Policy/Program Objective	Short Term Quick Wins	Medium to Long Term Strategic Initiatives
	to provide coaching and advisory services for MSMEs	innovation-led growth opportunities
(2) Expanding Market Access	<ul style="list-style-type: none"> Facilitating MSMEs onboarding to digital platform Link and match MSMEs products with potential buyers 	<ul style="list-style-type: none"> Establishing collaboration with large companies (private companies or SOEs) as MSMEs off-takers Optimizing government procurement demand for MSMEs Preparing MSMEs for international market
(3) Marketing and Sales Initiatives	<ul style="list-style-type: none"> Targeted discount vouchers/subsidy to purchase MSME products Economy-wide campaign to purchase MSME products 	<ul style="list-style-type: none"> Building MSMEs capacity in marketing, especially digital marketing Recurring campaign to increase awareness towards MSME products/services
(4) Enabling Infrastructures and Related Policies	<ul style="list-style-type: none"> Providing subsidies and financial relief to assist MSMEs survival Facilitating easy-to-access soft loan to assist MSMEs in maintaining its operations or investing in new business strategy Simplifying procedures for MSMEs to access immediate support 	<ul style="list-style-type: none"> Building digital infrastructure to boost innovation Developing MSMEs digital capability Improving MSMEs access to financial services Strengthening MSMEs financial capacity and financial literacy Developing inclusive growth strategy for MSMEs by mainstreaming women and vulnerable groups

Source : Authors' compilation.

(1) Business and Product Innovation

Enabling MSMEs to quickly build capability in changing their products offering and/or business models

When MSMEs demand experiences downturn trend due to crisis, the proper survival strategy in the short term includes adapting the existing products/services or business model delivery to fit with the emerging trend of consumer demand or market environment. Format of programs may involve capacity building (training/workshop or direct coaching) or grants to quickly assist MSMEs efforts on product and business innovation. In this case, time is very critical as it ensures MSMEs survival during uncertain times.

While a suitable innovation capability required to weather the crisis and formulate a one-size-fits-all capacity building program may vary from one sector to the other, the role of MSMEs-

focused agencies become an enabler in providing direct coaching and advisory services. This study also identifies government agencies/institutions across APEC economies that serve as main focal points for MSMEs-related strategic issues, as presented in Table 4.2.

Instilling innovation capabilities to drive MSMEs resilience

In the long run, innovation capabilities to develop new products/services to fuel business growth are pivotal. Facing the emerging trend of digitalization, the implementation of a digital transformation strategy is also relevant for MSMEs to boost efficiency as well as to promote competitiveness. These strategies to mainstream innovation amongst MSMEs are required to build resilience and accelerate their growth in any condition.

The implementation may include creating specific programs by capitalizing established products and ecosystem sector, such as sector-focus/clusters-based capacity building program; and providing digital-related capacity building programs to inspire the use of technology within MSMEs business. In delivering such purpose, the role MSME-focused agencies/institutions can be leveraged to lead innovation-based capacity building programs.

Table 4.2. List of MSME Center in APEC Economies

APEC Economy	MSMEs-Focused Agencies/Institutions
Australia	Council of Small Business Organisations Australia (COSBOA)
	Small Business Australia
Brunei Darussalam	Biz Brunei ⁶
Canada	Procurement Assistance Canada (PAC)
Chile	National Service for Technical Cooperation (SERCOTEC) of the Ministry of Economy, Development and Tourism
China	China Centre for Promotion of SME Development, Ministry of Industry and Information Technology
Hong Kong, China	Support and Consultation centre for SMEs, Trade and Industry Department
Indonesia	SMESCO, Ministry of Cooperatives and SMEs
Japan	SME Support Japan (SMRJ), Ministry of Economy, Trade and Industry (METI)
Korea	Ministry of SMEs and Startups (MSS)
	Korea SMEs and Startups Agency (KOSME)
Malaysia	SME Corporation Malaysia, Ministry of Entrepreneur Development and Cooperatives (KUSKOP)
	Small and Medium Enterprises Association (SAMENTA)

⁶ Entrepreneurship Center, not specific for MSME

APEC Economy	MSMEs-Focused Agencies/Institutions
Mexico	National Institute of Entrepreneur (INADEM), Secretariat of Economy
New Zealand	Business Govt NZ
Papua New Guinea	SME Corporation, Department of Commerce and Industry
Peru	Business Development Center (CDE)
The Philippines	Bureau of Small and Medium Enterprise Development (BSMED), Department of Trade and Industry
Russia	Russian Agency for the Support of Small and Medium Business
Singapore	Association of Small & Medium Enterprises (ASME)
Chinese Taipei	Taiwan Small & Medium Enterprise Counseling Foundation (Taiwan SMECF)
Thailand	Office of Small and Medium Enterprises Promotion (OSMEP), Office of the Prime Minister
The United States	Small Business Administration (SBA)
Viet Nam	Small & Medium Sized Enterprises Promotion Center (SMEPC), Viet Nam Chamber of Commerce and Industry (VCCI)

Source : Authors' compilation.

(2) Expanding Market Access

Connecting MSMEs with new customers

Without significantly changing the current business model or products, MSMEs can expand their demand by accessing new alternative of markets or customers. Specific to the context of mobility restrictions that challenge MSMEs during COVID-19 pandemic crisis, strategy to meet customers demand can be fulfilled through digital channels. In the short run, relevant policy objective includes accelerating MSMEs onboarding to digital sales channels, such as e-commerce, e-marketplace, or facilitating virtual expo to showcase MSMEs products. Not solely for a quick win, this strategy is also important for future growth of MSMEs demands as customers are predicted to continue their online shopping habit and digital technology adoption post-pandemic.

Another quick win to create MSMEs demand is through business matching initiatives, such as by linking and matching MSMEs products with potential buyers. Government may provide direct intervention to map potential demand from buyers (corporates, government institution, or international market) then to poll and allocate such demand to MSMEs. Collaboration with potential buyers as well as database of potential MSMEs suppliers become key enablers to implement this strategy.

Preparing MSMEs capabilities for serving institutional and international market

In the long run, MSMEs can target the institutional and international market as a part of its potential market expansion. Several potential pathways are by including MSMEs as suppliers of large companies (B2B partnership) and government institutions (through government procurement mechanisms) or exposing MSMEs to export opportunities.

To serve these markets, MSMEs should scale up their scalability and capacities, among others by meeting required standardizations, licensing/permits, or legal and financial capabilities. Medium to long term policies/programs should aim at building MSMEs capabilities in these areas. In addition, policymakers can promote a MSME-friendly ecosystem by removing potential barriers or simplifying procedures for MSMEs to participate in these markets. Specifically for government procurement, these efforts can be taken by implementing a fair size of contracts or efficient payment terms for MSMEs. Regarding exporting opportunities, long term mentorship to assist potential MSMEs in expanding their capabilities should be developed alongside the affirmative trade policy intended to improve MSMEs participation in the exports market.

(3) Marketing and Sales Initiatives

Direct campaign to promote MSMEs product

As indicated by literature review on the impact of discount to sales, the use of discount vouchers has evidently shown positive impact on the survival of MSMEs. By disbursing the vouchers digitally within e-commerce platform, this mechanism will allow targeted beneficiaries or sectors, depending on the program and the respective government bodies who issued the program. It is important to invent innovative ways that can make the funding disbursed effectively and efficiently with limited institutional barriers.

Furthermore, it is also important to form collaboration with established e-commerce platforms, especially those who have large number of MSME merchants, strong back-end support on technology and system integration and robust governance to ensure accountability. With the help of e-commerce platform, economy-wide campaign can be carried out easily and bring a greater impact within a short timeframe. This is particularly true during pandemic, whereas social mobility restriction is adopted across economies.

Continuous efforts to strengthen MSMEs branding

In the long run, persistent efforts have to be carried out to enhance MSMEs capacity in marketing, particularly digital marketing. Handled by respective MSMEs centers in each APEC economies, various trainings on marketing skills need to be formulated and disseminated to ensure MSME's continuous learning process and their agility to deal with any condition. Meanwhile, initiatives to bring awareness toward MSME products/services also need to be continuously carried out to create loyalty on the MSMEs products/services.

(4) Enabling Infrastructures and Related Policies

This study focuses on three aspects that play supporting roles in promoting MSMEs demand during pandemic, namely: (1) digital literacy and infrastructures, (2) affirmative policy for MSMEs, and (3) financial relief. In the short term, policies/programs to assist MSMEs access to financial support, such as subsidies and soft loans, are important as the first line of survival

support. Consequently, simplification to access such supports is also critical, as illustrated from the arising challenges that MSMEs face in accessing government programs in section 3.5 Challenges and Opportunities of this study. A program dedicated for MSMEs to access financial support will serve as catalyst to support MSMEs addressing its capital constraint. This can be in form of specific loan program with lenient loans requirement like Productive Micro Loans in Indonesia or co-guarantee loans scheme in Chinese Taipei.

To assist MSMEs resilience in the long run, policymakers may develop policies and programs to improve digital infrastructure in the economy and develop MSMEs digital capability to enhance MSMEs participation in digital economy. Such basic example ensures that internet connectivity is available anywhere – remote areas included – which would reduce the segregation amongst those who already have access to digital technology and those who do not.

In ensuring MSMEs sustainable contribution to the economy, long term efforts should be geared to enhance MSMEs financial capacity and literacy to open-up potential access to financial services. While taking loans from conventional bank may not be feasible due to their strict compliance measures, Fintech may become a plausible option. The policy to support the growth of Fintech with a particular set of risk management is crucial to ensure its sustainability thus can provide continuous support to the MSMEs growth.

In addition, inclusive economic growth can be attained by mainstreaming women and vulnerable groups within policy/programs for MSMEs. MSMEs has become major source of employment for poor, low-income workers, women, and persons with disability. Study by IFC revealed that more than half of Indonesia's SMEs are owned by women (IFC, 2016). Meanwhile, the proportion of persons with disabilities who are self-employed were 58.3% of total persons with disabilities in 2020 (ILO, 2022). Viet Nam is among the APEC economies which has specific program for women, called the National Strategy on Gender Equality 2021-2030, which aims to foster gender equality and women entrepreneurship in the economy.

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ANNEX 1: THE RESULTS OF QUESTIONNAIRES

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
1	Please specify your economy	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
2	MSME contribution to total GDP (please specify):	MSME contribution to total gross value added is 54% (ABS Australian Industry, 2020).	55.30%	The annual GDP of MSMEs in 2016 came to NT\$5,746.4 billion, accounting for 41.43% of the total annual GDP of all enterprises.	Roughly 26% of GDP	According to the environmental competencies, this data is not available	2020 - 20,3%; 2021 – n/a	Estimated 35% in 2022
3	The number of MSME businesses closed down during the pandemic (2020 – 2022). Please specify, guestimate is welcome	The number of cancelled registrations of MSME was 251,601 from 2019-2020. The number of cancelled registrations of MSME was 203,102 from 2020-21 (ABS, Counts of Australian Businesses, including Entries and Exits, 2019-20 & 2020-21)	1,013,826 (as of Jan 2022)	N/A	As of Dec 2021 there was 64,809 closures	According to the environmental competencies, this data is not available	941,460 MSMEs closed down since 1st January 2021. Data for 2020 is not available	2020 = 49,223 enterprises (juristic person) 2021= 50,554 enterprises (juristic person)
4	Percentage of insolvent MSME businesses to total MSME businesses. Please specify, guestimate is welcome	The percentage of insolvent MSME businesses to total MSME businesses is not readily available by business size, however they are historically low. There were 4,235 corporate insolvencies from 2020-21 (ASIC), and 6,392 personal insolvencies in business from 2020-21 (ASFA).	110% ...I am not sure that these are the right questions, in any given month, there are over 40,000 closures out of a total of just under one million businesses,	N/A	N/A	According to the environmental competencies, this data is not available	16.50%	percentage in 2021 compare with 2022 is - 41.5% percentage in 2020 compare with 2021 is +81%

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
			but there are also roughly the same number of starts too					
5	Please explain the reasons for MSME insolvency in your economy:							
5a	Lack of capital	Yes	Not Sure	N/A	Yes	Not Sure	Yes	Yes
5b	Supply chain disruption	Not Sure	Not Sure	N/A	Yes	Not Sure	N/A	Not Sure
5c	Lack of innovation	Not Sure	Not Sure	N/A	Yes	Not Sure	N/A	No
5d	Cash flow issue	Yes	Not Sure	N/A	Yes	Not Sure	N/A	Yes
5e	A sudden drop in demand	Not Sure	Not Sure	N/A	Yes	Not Sure	N/A	Yes
5f	Others, please specify:	Yes	Not Sure	N/A	N/A	Not Sure	N/A	N/A
5f_text		All information was collected from reference period 2018-19, data for the effect of disrupted supply chains on MSME insolvency is not yet available (ASIC, 2018- 19). Other reasons include poor strategic management of business, and trading losses.	N/A	N/A	N/A	N/A	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
6	The percentage of MSME businesses adopted digitalization (e.g., buying and selling through online marketplace or participating in digital/e-commerce platform). Please specify	From 2019-20, 65% of businesses with 5-19 employees used paid cloud computing software and 49% of businesses with 0-4 employees used paid cloud computing software (ABS, 2019-20). Additionally, 68% of all businesses record using one or more ICT product. While 50% of all businesses received orders via the internet, 68% of all businesses also placed orders via the internet from 2019-20 (ABS, 2019-20). From CPA Australia survey in 2021 (~500 businesses with less than 20 employees surveyed), 43% of small businesses generated at least 10% of revenue through online sales.	58.5% had some presence, 83% of those had website, 15% had e com/payments	The penetration rate of computer or Internet equipment of MSMEs was 65.81% in 2016, and 2.38% of MSMEs had utilized ERP systems.	Data not available	According to the environmental competencies, this data is not available	According to the study conducted by the National Financial Research Agency in 2021, the SME digitalization index is equal to 51 percentage points on a scale from 0 to 100 (50 points in 2020; 45 in 2019). The study was conducted on several parameters: (1) Channels for transmitting and storing information (2021 - 65 p.p.; 2020 - 59 p.p.; 2019 - 57 p.p.) (2) Integration of digital technologies (2021 - 60 p.p.; 2020 - 58 p.p.; 2021 - 27 p.p.) (3) The use of Internet tools (2021 - 64 p.p.; 2020 - 57 p.p.; 2016 - 52 p.p.) (4) Information security (2021 - 38 p.p.; 2020 - 41 p.p.; 2016 - 54 p.p.) (5) Human capital (2021 - 26 p.p.; 2020 - 33 p.p.; 2016 - 36 p.p.)	N/A
7	Please elaborate the government policies or programs to assist MSMEs to remain agile and innovative:							
7a	Program to improve	Yes	Yes	Yes	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
	capacity building							
7a_text		The New Employment Services Model offers enhanced and digital services for job seekers and employers, indirectly relating to capacity building. The new model is being trialled in two regions from July 2019 before being rolled out nationally from July 2022.	N/A	(1). Project of Cloud Service and Digital Transformation in Commercial District and Sustainable Development helps commercial districts adopt cloud services as well as sell product through various channels. (2). The program of SBTR (Small Business for Township Revitalization) accelerates the transformation of local industries, increases industrial revenue and enhances industrial competitiveness by rebuilding communities, cultivating local cultures, and developing distinctive products. (3). The Project of Promoting SMEs to Innovate Economy and Develop Markets assisted SMEs in digital transformation and relevant consultation.	Digital boost - https://www.business.govt.nz/digital-business-boost/	N/A	(1) Digital SME Platform The platform includes necessary knowledge and instruments to solve specific problems that arise when starting and running a business. (2) National project “Labor productivity” provides for participating companies methodological support based on the “lean production”, soft loans of IDF (under 1 %), export support (export accelerators), management training program “Productivity Leaders”	(1) 1,300 of Thai MSMEs participated in MSME business developing program (2) 110 of Thai MSMEs participated in Promoting MSME to technology and innovation adoption program (3) 500 of Thai MSMEs participated in Promoting MSME to industry 4.0 program
7b	Program to explore new business models	No	No	Yes	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
7b_text		N/A	N/A	<p>(1). Project of Cloud Service and Digital Transformation in Commercial District and Sustainable Development</p> <p>(2). The SBTR (Small Business for Township Revitalization) program promotes local economic development and creates job opportunities by rebuilding communities and cultivating local cultures.</p> <p>(3). Project of Promoting SMEs to Innovate Economy and Develop Markets encouraged MSMEs to participate in the digital transformation counseling program.</p> <p>(4). Business Proposal for Assisting SMEs in Business Opportunity Cooperation and Award Selection project provides precise business match making activities and proof of concept service to help SMEs develop business opportunities and establish new business models.</p> <p>(5). Project of Co-Creation of Value Escalating SMEs Cross-Domain Ecosystem developed innovative products and services.</p>	<p>(1) RBP https://www.regionalbusinesspartners.co.nz/page/new-zealand-service-providers ,</p> <p>(2) Callaghan Innovation https://www.callaghaninnovation.govt.nz/ ,</p> <p>(3) Business Mentors https://www.businessmentors.org.nz/</p>	N/A	Digital ecosystem, the main aim is to accelerate automation and digitalization of business and production processes of enterprises.	<p>(1) 1,000 of Thai MSMEs participated in Enhancing knowledge of occupational skills for workers program</p> <p>(2) 1,700 of Thai MSMEs participated in Business development for product and service value added program</p>
7c	Program to accelerate digitalization	Yes	Yes	Yes	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
7c_text		Go digital program aims to build and enhance small business digital capability and to address issues raised in the Small Business Digital Taskforce report. NBN Grants program provides funding to regional and remote digital businesses to help them drive and implement technology-led ideas and innovations.	Canada Digital Adoption Program	The Strategic Project of Facilitating Digital Transformation of The Micro, Small and Medium Enterprises enhanced digital capabilities.	Digital Boost - https://www.business.govt.nz/digital-boost/	N/A	(1) Grant support for projects on the development and implementation of digital solutions (2) Funds are allocated annually from the federal budget on a competitive basis to provide grants for promising IT solutions and support small businesses in the development, application and commercialization of digital solutions. Grants can help develop a new digital product, make an existing one market-ready or scale up sales. Business owners can use funds to pay salaries to employees or buy raw materials and components.	960 of Thai MSMEs participated in Accelerating MSME capacity building through digital tool program
7d	Program to strengthen entrepreneurial skills	Yes	No	No	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
7d_text		Strengthening Business program connects businesses with experts to ensure their business is stronger, more resilient, and better prepared for the future. Growth Services provide businesses with advice and funding to grow their business and become more competitive in global markets. Innovation Connections provides businesses with advice and funding to get research projects underway in their business.	N/A	N/A	(1) RBP https://www.regionalbusinesspartners.co.nz/page/new-zealand-service-providers (2) Te Puni Kokiri https://www.tpk.govt.nz/en/mo-te-puni-kokiri/our-stories-and-media/harnessing-the-power-of-community-for-small-maori- (3) Callaghan Innovation https://www.callaghaninnovation.govt.nz/ (4) Business Mentors https://www.businessmentors.org.nz/	N/A	(1) The Export school at the Russian Export Center Provides a wide range of educational programs and seminars for SMEs (2) Business education program for SMEs to strengthen entrepreneurial skills both in online and in offline formats by Russian Small and Medium Business Corporation (RSMB Corporation) Starting Feb 2022 trainings are available on the RSMB Corporation's digital platform. According to RSMB Corp. strategy around 600k SMEs will take part in trainings and development programs of entrepreneurial competencies from 2021-2025.	(1) 3,630 of Thai MSMEs participated in Improving business managerial skill Program (2) 1,000 of Thai MSMEs enterprises participated in Enhancing knowledge of occupational skills for workers program

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
7e_text	Others, please specify the name of the program and impact	N/A	N/A	(1) The program of SBTR (Small Business for Township Revitalization) not only promotes local economic development, creates job opportunities, brings people back to communities for balanced regional development but accelerates industrial transformation and increases competitiveness for local enterprises by rebuilding communities, cultivating cultures, developing featured industries and innovating business models. (2) The Project of promoting SMEs to innovate economy and develop markets assists MSMEs to adopt data analysis and applications, obtain consumer preference and business-related data, and conduct analysis to increase the value of goods and services.	N/A	N/A	N/A	N/A
8	Please elaborate the government policies or programs to assist MSMEs in expanding their market:							
8a	Program to assist them onboarding to	Yes	Yes	Yes	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
	the e-commerce platform							
8a_text		Accelerating commercialisation provides small and medium businesses, entrepreneurs and researchers with access to expert advice and funding to help get a novel product, process or service to market. Digitalisation is only a part of the program and not a stream or major focus	Canada Digital Adoption Program	(1) The Program of SMEs Digital Innovation in International Market, the goal of which is to help SMEs identify local e-commerce platforms and distributors in the ASEAN market. The big data generated from transaction records can help SMEs reach out to the potential buyers of targeted groups. (2) Project of Cloud Service and Digital Transformation in Commercial District and Sustainable Development: IT service providers shall launch their solutions on the TCloud platform, through which products and services will not only circulate in commercial districts but also reach out to more consumers through expanded sales channels. (3) Project of Improving SME Services and Value Creation has created value including investment, production and potential business opportunities.	Digital Boost_ https://www.mbie.govt.nz/business-and-employment/business/support-for-business/digital-boost/ ; https://ecommercenews.co.nz/story/40-000-nz-small-businesses-reap-rewards-of-digital-boost-programme	N/A	(1) MSME marketplace registration support program Provides marketplace registration and marketing promotion support (2) Russian national stores Registration support on the foreign B2C/B2B marketplaces (Tmall.com, Amazon.de, VirtualExpo) (3) Digital platform “My Export” Helps to get simplified access to a variety of government and other services to support and simplify entry into the international scope of marketplaces including instant search and selection of the most suitable foreign marketplaces for each MSME.	(1) 16,470 of Thai MSMEs participated in Improving business for new normal economy program (2) 25,350 of Thai MSMEs participated in Enhancing marketing strategy program
8b	Program to collaborate with large corporates for B2B market	No	No	Yes	N/A	No	Yes	No

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
8b_text		N/A	N/A	<p>(1) The program of SBTR (Small Business for Township Revitalization) assists enterprises with forming better interaction and promoting distinctive products along with itinerary of trips, for the purpose of creating business opportunities, collaboration and match making.</p> <p>(2) The project of Business Proposal for Assisting SMEs in Business Opportunity Cooperation and Award Selection will link SMEs and large enterprises, help SMEs become the third-party manufacturers of large enterprises, and seize new market opportunities.</p>	N/A	N/A	<p>(1) Declaration on interaction of large business with SMEs. The Declaration was implemented in 2021 and helps to define the principles of interaction between large business and SMEs and the areas in which large business can support SMEs such as market access; modernization of production and administrative processes; access to infrastructure; access to finance; development of human capital and competencies. As a part of Declaration a Standard for its implementation was also developed. The Standard describes an algorithm for evaluating the results of interaction of large companies with SMEs. In total, 45 indicators have been identified according to which an assessment is made and information about which the company discloses in its reports.</p> <p>(2) International business missions (including online business events). Arranged by</p>	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
							<p>governmental organizations and development institutions and help MSME expand their customer bases and develop their business links and ties.</p> <p>(3) Digital service «Cooperation in value chains and distribution» on the SME Digital platform</p> <p>Service modules help SMEs to find new large corporates and become a supplier of large industrial enterprises, trading companies and retail chains based on requests for the purchase of components, raw materials and industrial products, as well as food products.</p>	
8c	Program to accelerate export	Yes	Yes	Yes	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
8c_text		<p>Only 3.75% of Australia SMEs contribute to overall value of merchandise exports (ABS, Characteristics of Australian Exporters 2019-20). Guarantees for small to medium business exporters facilitates expansion of distribution channels by providing guarantee for finance for overseas expansion/export-related transactions. Austrade's Export Market Development Grants (EMDG) program helps Australian businesses grow their exports in international markets. Boosting female founders provides grants and mentoring to help women entrepreneurs expand into domestic and global markets.</p>	CanExport	<p>(1) The project of Local Cultural Industries Internationalization Counseling Project selected industries with potential international competitiveness (e.g., tea, ceramics, glass, pastry and bamboo), and provided them with guidance and counseling on product creativity, package design and marketing. This Project aims at assisting MSMEs with expanding their overseas markets and sharing touches of local cultural characteristics with foreign friends by means of collaborating networks, enhancing product features, establishing distribution channels and theme industries marketing.</p> <p>(2) Business Proposal for Assisting SMEs in Business Opportunity Cooperation and Award Selection project provides SMEs with linkage with industry network overseas in order to seize new market opportunities, and assistance with product export. In addition, we hold the "Rising Star Award" to select high-performance enterprises, which is direction and</p>	<p>NZTE_ https://www.nzte.govt.nz/blog/nzte-increases-support-for-exporters-as-part-of-economic-recovery; Refer for numbers on supporting export growth https://www.nzte.govt.nz/; https://www.nzte.govt.nz/page/exporting-with-nzte</p>	N/A	<p>(1) "The Export growth Accelerator", "The Export boost" Acceleration programs provided by The Export school at the Russian Export Center</p> <p>(2) Digital service Cooperation in value chains and distribution. Service modules will help SMEs to find new foreign partners among large industrial enterprises and trading companies.</p>	<p>(1) 700 of Thai MSMEs participated in Promoting business to international market program.</p> <p>(2) 11,220 of Thai MSMEs participated in Marketing channel expansion program</p>

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
				goal for enterprise to learn from benchmark cases.				
8d	Program to increase the MSME share in the government procurement	Yes	No	N/A	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
8d_text		The Australian Government's Commonwealth Procurement Framework outlines the principles and rules guiding officials' use of public funds to procure the goods and services required to support its policies and programs. Encouraging competition and non-discrimination are key elements of the Commonwealth Procurement Rules (CPRs). In particular, potential suppliers are required to be treated equitably based on their commercial, legal, technical and financial abilities and not be discriminated against due to factors such as their size, ownership or location.	N/A	N/A	Government procurement targets for Small Businesses. https://www.procurement.govt.nz/broader-outcomes/increasing-access-for-new-zealand-businesses/ ; https://www.procurement.govt.nz/about-us/news/supplier-diversity-to-increase-through-new-procurement-targets-for-maori-businesses/	N/A	The Digitalization of Procurement service was created in order to simplify the process of participation of SMEs in the procurement of major customers within the framework of the National project "SMEs and support for Individual Entrepreneurship"	3,000 of Thai MSMEs participated in promoting government procurement program
8e	Program to provide market update through specific website	No	No	Yes	Yes	No	Yes	Yes

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
8e_text		N/A	N/A	(1) Business Proposal for Assisting SMEs in Business Opportunity Cooperation and Award Selection project tracks market trends and market opportunities, provides SMEs with the latest market information through our website and communication platforms, to facilitate business match making. (2) Industry Digital Transformation in the Cloud Era - Enhancing the government cloud service interface for business launched an one-step stop government service platform, which provides enterprises with the government and market information they need.	NZTE https://www.nzte.govt.nz/page/take-on-the-world?gclid=EAIaQobChMI6_yBrYT89wIVgpRmAh15jg7JEAAAYASAAEgIAv_D_BwE https://www.nzte.govt.nz/page/market-information	N/A	Summary and detailed statistics about SMEs are available on the SME Digital platform. This is up-to-date information describing the state of small and medium-sized businesses, collected from official sources. For example, summary indicators relate to number of SMEs, turnover of SMEs from the total in the Russian Federation. Digital platform also provides detailed statistic, for example amount of revenue, number of SMEs, POS-terminals and other information for the selected regions	25,350 of Thai MSMEs participated in enhancing capacity building on marketing program
8f_text	Others, please specify the name of the program and impact	N/A	N/A	Project of Improving SME Services and Value Creation helped SMEs apply for international design awards through business assessment services, and earned the Red Dot Design Award, iF Design Award, and G-Mark GOOD DESIGN AWARD. These achievements increase SMEs' brand identity and popularity.	N/A	N/A	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
9	Please elaborate the government policies or programs in the aspect of direct marketing or sales initiatives to promote MSMEs:							
9a	Program to offer direct cash transfer/vouchers to purchase MSME products	No	No	No	Yes	No	N/A	N/A
9a_text		N/A	N/A	N/A	RBP Management Capability Fund https://www.regionalbusinesspartners.co.nz/page/new-zealand-service-providers	N/A	N/A	N/A
9b	Program discounts to purchase MSME products	No	No	No	N/A	No	N/A	N/A
9b_text		N/A	N/A	N/A	N/A	N/A	N/A	N/A
9c	Joint marketing campaign to increase awareness of MSME products	Yes	No	Yes	N/A	No	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
9c_text		The Go Local First national campaign supports the recovery of small businesses by calling on all Australians to 'Go Local First' when purchasing products and services. Funded by the Australian Government, the campaign is led by the Council of Small Business Organisations Australia (COSBOA).	N/A	(1) The Program of SMEs Digital Innovation in International Market is implemented through the New Southbound Alliance organized by Small and Medium Enterprise Administration in order to build a complete international marketing strategy. The project assists SMEs with building the foundation of digital marketing, hosting co-marketing campaigns, and enhancing international competitiveness. Moreover, the project establishes cross-border cooperation networks in order to create more overseas business opportunities for SMEs. (2) The project increases sales and revenue in different commercial districts by using group exhibition to combine with each distinctive product. It also attracts more consumers by distinctive products of commercial districts. (3) The program of SBTR (Small Business for Township Revitalization) in 2022 stock takes the products of local SMEs, sends out the "Urban and Rural Creativity	N/A	N/A	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
				<p>Friendship Gifts" e-booklet, and recommends the "Urban and Rural Creativity Friendship Tour" theme tour for corporate festivals as references of distinctive gifts, employee travel and other needs. As for the excellent enterprises that are willing to cooperate, we invite them to participate in the "Urban and Rural Creativity Friendship Enterprise," arrange their exhibition, publish their products, assist parties interested in cooperation with one-on-one negotiation, and provide them with tailor-made enterprise-specific services.</p>				
9d_text	Others, please specify the name of the program and impact	N/A	N/A	N/A	N/A	N/A	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
10	Are there any related programs/policies that incentivize SOEs/private sectors to help MSMEs access to demand?	b. Offering lenient terms of payment.	a. Prioritizing MSMEs in the SOE/private sector's value chain b. Offering lenient terms of payment c. Coaching MSMEs to upgrade their capabilities d. Others	c. Coaching MSMEs to upgrade their capabilities	a. Prioritizing MSMEs in the SOE/private sector's value chain b. Offering lenient terms of payment c. Coaching MSMEs to upgrade their capabilities	a. Prioritizing MSMEs in the SOE/private sector's value chain	d. Others	N/A
10a_text	Prioritizing MSMEs in the SOE/private sector's value chain. Please specify the name of the program and impact.	N/A	N/A	N/A	Digital Boost Alliance	N/A	N/A	N/A
10b_text	Offering lenient terms of payment. Please specify the name of the program and impact.	Payment Times Procurement Connected Policy (PT CPC) is indirectly related to lenient terms of payment. PT CPC requires large businesses to pay invoices of up to \$1m within 20 days when entering into new government contracts or pay interest.	N/A	N/A	Business Finance Guarantee	N/A	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
10c_text	Coaching MSMEs to upgrade their capabilities. Please specify the name of the program and impact.	N/A	N/A	<p>(1) The Project of Cloud Service and Digital Transformation in Commercial District and Sustainable Development assists micro and small enterprise with deploying cloud tools, and conducting digital transformation in commercial districts to promote local economic development.</p> <p>(2) The program of SBTR (Small Business for Township Revitalization) helps SMEs build innovative and practical business models to foster the concept of placemaking and enrich the value of local features, and to accumulate energy for local development.</p> <p>(3) The Project of Promoting SMEs to Innovate Economy and Develop Markets organized promotion events, which attracted people to participate in experience activities. Furthermore, we have organized courses with creative and diversified training methods and have successfully cultivated people in realms of cross-domain innovation economy.</p> <p>(4) The Project of</p>	Business Mentors	N/A	N/A	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
				<p>promoting SMEs to Create Value and Develop Markets hosts the “Rising Star Award” fellowship and cross-border experience sharing events in order to facilitate enterprises continuous learning of the latest knowledge and skills in business management, overseas marketing, and business development.</p> <p>(5) The Project of Improving SME Services and Value Creation, which focuses on the sense of design, aesthetics, and experience, counseling with and assistance from experts of industries. The project aims to encourage SME owners to systematically develop innovative products, service and business model with market values; optimize online-to-offline services by utilizing digital tools; and establish and strengthen the energy of their brands.</p>				

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
10d_text	Others, please specify. Please specify the name of the program and impact.	N/A	N/A	N/A	N/A	N/A	Russian legislation establishes the obligation of state-owned companies to purchase at least 25% of goods and services from SMEs. The number of state-owned companies is 3200 and volume of procurement is around 55 bln USD in 2021.	N/A
11	Apart from the three key measures (business and product innovation, expanding market access, and marketing and sales initiatives), are there any other programs/policies supporting MSMEs' survival during the pandemic?	<p>b. Women and social inclusion group (including disabled, indigenous people, elderly, and/or youth) MSMEs program</p> <p>c. Financial relief program (e.g., soft loans, tax incentive, wage subsidy etc).</p> <p>d. Others, please specify the name of the program and impact</p>	<p>a. Improving digital infrastructure and literacy</p> <p>b. Women and social inclusion group (including disabled, indigenous people, elderly, and/or youth) MSMEs program</p> <p>c. Financial relief program (e.g., soft loans, tax incentive, wage subsidy, etc.)</p> <p>d. Others</p>	<p>a. Improving digital infrastructure and literacy</p> <p>c. Financial relief program (e.g., soft loans, tax incentive, wage subsidy, etc.)</p>	<p>a. Improving digital infrastructure and literacy</p> <p>b. Women and social inclusion group (including disabled, indigenous people, elderly, and/or youth) MSMEs program</p> <p>c. Financial relief program (e.g., soft loans, tax incentive, wage subsidy, etc.)</p> <p>d. Others</p>	<p>b. Women and social inclusion group (including disabled, indigenous people, elderly, and/or youth) MSMEs program</p>	<p>a. Improving digital infrastructure and literacy</p> <p>b. Women and social inclusion group (including disabled, indigenous people, elderly, and/or youth) MSMEs program</p> <p>c. Financial relief program (e.g., soft loans, tax incentive, wage subsidy, etc.)</p> <p>d. Others</p>	<p>c. Financial relief program (e.g., soft loans, tax incentive, wage subsidy, etc.)</p>

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
11a_text	Improving digital infrastructure and literacy. Please specify the name of the program and impact.	N/A	N/A	<p>(1) The Project of Enhancing the Digital engagement of SMEs; and the project of Assistance for Micro and Small Enterprises by Using Cloud Service and Digital Transformation in Commercial District have enhanced the digital capability SMEs, and organized relative clusters.</p> <p>(2) The digital infrastructure is a crucial part of the projects; therefore, the project has enhanced some infrastructures, such as digital marketing tools for different regions and clusters. The project has improved the synergy of digital service and increase business opportunities for these SMEs.</p> <p>(3) To enhance digital awareness, the project has applied a variety of methods to share cases and experience of digital transformation, including local activities, speeches, observation learning, and so on, in order to attract more people to participate in these events and exchange experience with each other.</p>	All covid support packages	N/A	<p>(1) Fast Payment System (FPS) of the Bank of Russia FPS is a service that allows individuals to instantly (24/7) transfer money to themselves or others using their mobile phone number, regardless of the bank in which the sender's or recipient's accounts are opened. Access to the FPS is possible through the mobile applications of banks connected to the FPS, via smartphone, tablet or computer. For business: C2B payments, including using QR codes, and B2C payments are also possible with the use of FPS</p> <p>(2) Small and medium-sized enterprises from July 1 to December 31, 2021 were reimbursed for the cost of bank fees when their customers paid for purchases and services through the Faster Payments System (FPS)</p> <p>(3) The Bank of Russia Marketplace project It is aimed at establishing a regulatory framework for the remote sales of</p>	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
							<p>financial products across the Russian Federation. The Marketplace 2.0 Project will help expand the range of products and services on financial platforms, including for legal entities, and will contribute to increased competition in the market and further development of remote financial services</p> <p>(4) Digital biometric identification and digital identity card Digital biometric identification is a solution that allows individuals to receive financial services remotely from different banks after confirming their identity using biometric personal data. Changes to the regulation that will provide for the creation of a Digital Profile of a legal entity, including an SME entity will be adopted soon.</p> <p>(5) "Know Your Customer" platforms. Thanks to this service credit institutions will be able to obtain online information to classify customers and their counterparties into three suspicious operation</p>	

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
							<p>risk groups (low, medium and high-risk groups) and use this information in anti-money laundering procedures. The rollout of the service will reduce the costs of responsible business by establishing a low-risk client environment and reducing the number of their requests for information and documents to confirm the real nature of operations; it will further lower the need for preventive restrictive measures enforced by credit institutions when they detect minor or 'technical' risks of money laundering and the financing of terrorism.</p>	

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
11b_text	Women and social inclusion group (including disabled, indigenous people, elderly, and/or youth) MSMEs program. Please specify the name of the program and impact.	Indigenous Business Australia - COVID-19 Support provides Indigenous businesses with funding and specialist advice to help them recover from the impact of COVID-19. The COVID-19 Aged Care Support Program Extension provides aged care providers with reimbursement of eligible expenses due to COVID-19	N/A	N/A	https://www.beehive.govt.nz/release/covid-19-immediate-relief-available-m%C4%81ori-and-iwi-organisations	N/A	Business support centers in regions called "My business" implement: (1) About 60 educational programs for women, such as: - "Women's franchise business" - Business-quiz "What kind of business suits me" - "Time management for businesswomen" (2) About 70 educational programs on social and youth entrepreneurship, such as: - "Creation of a special enterprise for the employment of people with disabilities" - School of Social Entrepreneurship - Social and educational project "Silver business" for the elderly - The international acceleration program "Russian - Chinese Youth Business Incubator" - "New markets and the first startup in COVID" - Interactive game session on technologies for involving young people in business development during turbulence.	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
11c_text	financial relief program (e.g., soft loans, tax incentive, wage subsidy, etc.). Please specify the name of the program and impact	<p>(1) Backing Business Investment – Accelerated Depreciation arrangement allows businesses with turnover less than \$500 million to claim depreciation of new business assets at a faster rate in their tax return.</p> <p>(2) SME Recovery Loan Scheme program provides small and medium-sized businesses with guaranteed loans to help their business recover from the impacts of the coronavirus crisis.</p> <p>(3) Boosting Apprenticeship Commencements program provides a wage subsidy for all employers who engage a new Australian Apprentice.</p> <p>(4) JobKeeper Payment helped keep Australians in jobs and supported businesses affected by the significant economic impact of the COVID-19 pandemic.</p>	N/A	The aim of financial relief program is to help MSMEs suffering from the pandemic weather the storm. Relief financial measures include loan extension, 100% of operation capital (salary and rent) guarantee, stimulus loans with 90% of guarantee, subsidy for interests, credit guarantee for SME and non-SME, and extension of dishonored bills.	https://www.business.govt.nz/covid-19/financial-support-for-businesses/	N/A	(1) Anti-crisis programs of preferential lending to small and medium-sized businesses. Loans are issued for investment and renewable purposes at low interest rates (up to 15% for micro and small enterprises, up to 13.5% for medium-sized enterprises for million US dollars (according to the official exchange rate of the Bank of Russia on 05/24/2022). 6-month credit holidays provided for by law, which apply to MSMEs working in the most vulnerable sectors. By the end of September 2021, banks had restructured 104.2 thousand MSME loans. The Bank of Russia has expanded the bank refinancing program to expand lending to small and medium-sized businesses and gradually lowered the interest rate for banks on their loans aimed at supporting lending to MSMEs. Subsidies from the federal budget were provided to credit organizations to compensate for the lost income on loans. Zero-	Attached file

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
							<p>interest rate loans to support SMEs in securing employees' salaries for 6 months. High-tech enterprises of small and medium-sized businesses can apply for preferential loans for investment purposes and replenishment of working capital for up to three years. The maximum loan amount is 500 million rubles.</p> <p>2) The acquiring fee has been temporarily reduced for non-cash transactions processed by online sellers for certain essential goods, limiting it to 1%.</p> <p>3) Preferential equipment leasing Micro and small enterprises rent new equipment at a preferential rate of 6% for Russian equipment and 8% for foreign equipment.</p> <p>4) Preferential credit program "FOT (Wage Fund) 3.0". The program offered comfortable lending conditions: a rate of 3% per annum, a six-month delay in the payment of principal and interest, as well as an extension of the repayment period for those who had</p>	

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
							already applied for a preferential loan at the first stage. The main condition for granting a loan is that the company retains 90% of jobs.	

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
11d_text	Others, please specify. Please specify the name of the program and impact.	(1) The Workplace Legal Advice Program provides employers with free, independent legal advice to help them deal with the workplace issues arising from coronavirus outbreak. (2) JobMaker Hiring Credit provides employers with incentive payments for hiring job seekers aged 16 to 35 as a part of COVID-19 recovery	N/A	N/A	https://aucklandunlimited.com/news/over-5000-businesses-access-support-through-activate-tamaki-makaurau	N/A	During the pandemic experts from the “Federal Competence Center” have started working at 11 enterprises that produce facemasks, antiviral suits and disinfecting agents. In a short time companies increased their production up to 4,5 times.	N/A

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
12	What challenges do MSMEs encounter to access government support/government program? Please specify.	MSMEs that can afford a grant writer are often more successful with merit-based grants. But not all of them understand that or have the funds to access those services. The lack of coordination for support to MSMEs is a problem as businesses often don't know which level of government they are dealing with. It's hard for them to find exactly what they need for their unique business and its challenges. The lengthy process that is required to apply for a grant is a concern for MSMEs. There's a lack of coordination between agencies, thus businesses often have to provide the same information over and over again.	Do not know	(1) SMEs commonly face the challenges of limited resource, low R&D expenditures, underdeveloped sales channels. Meanwhile, SMEs are usually unfamiliar with the government's project processes. (2) MSMEs usually lack access to information of government programs and support measures. Furthermore, MSMEs lack relevant information on how to gain supports from the government due to limited resources. (3) MSMEs often encounter problems such as drafting proposals when applying for government programs. The project team of SBTR (Small Business for Township Revitalization) program has set up offices in the northern, middle, southern, and eastern part of Chinese Taipei to provide assistance, and to solve difficulties SMEs encounter with the greatest efficiency to improve the efficiency of consultation. (4) MSMEs lack professionals who are able to write and execute digital transformation	N/A	According to environmental competencies, this data is not available	(1) Lack of awareness of existing support measures and steps to obtain it (2) Getting state support seems to entrepreneurs to be a complicated, long process (3) Lack of training for civil servants who work directly with business representatives and should understand the needs of entrepreneurs	(1) The process of getting access to government support is rather complicated. (2) The Delays in work of government agencies. (3) Inaccessibility of government's information.

No	Question	Australia	Canada	Chinese Taipei	New Zealand	Peru	Russia	Thailand
				<p>initiatives.</p> <p>(5) Some owners of SME have never participated in government programs application, resulting in occasional non-compliance with regulations or incomplete content. The problem can be solved through integrated service provided by the project team, such as information package revealed on the project website/fan site, and consultation service through email, telephone, and on-site events.</p> <p>(6) MSMEs are facing difficulties to specify appropriate government resource they REALLY need.</p> <p>(7) MSMEs can hardly employ the talents carrying the project out even they acquire some government support.</p>				