

# FAST ACTION AGENDA ON INVESTMENT

## Linking Micro Small and Medium Enterprises (MSMEs) with Multinational Enterprises (MNEs)

### Project Brief

#### I. Background

Micro, Small and Medium Enterprises (MSMEs) are considered key drivers of economic growth across many regions of the global economy, including the ASEAN. MSMEs account for the biggest number of establishments consisting of around 95-99% of enterprises and generating 51% - 97% of employment in most ASEAN Member States (AMS). Further, in terms of GDP, MSMEs account for around 23% - 58 of AMS' GDP.<sup>1</sup>

ASEAN MSMEs expand their presence internationally through various arrangements. These include exports, franchising and licensing, manufacturing or by providing services under contract agreements with foreign or ASEAN MNEs. Thus, ASEAN MSMEs business linkage with foreign or ASEAN MNEs allow them to participate in regional production network and in Global Value Chains (GVCs).

Given MSMEs' significant contribution to the ASEAN economy programs and activities in support of the growth and development of this economic sector should be actively pursued by AMS.

#### II. Objectives

The implementation of the project is aimed at achieving the following:

1. Expansion of growth of ASEAN MSMEs through business linkages with ASEAN and global MNEs, in general; and
2. Generation of specific projects for collaboration between ASEAN MSMEs and ASEAN and global MNEs, in particular.

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<sup>1</sup> Source: <http://www.aseansme.org/aboutus>

### **III. Activities**

This project will be implemented as part of the Focused and Strategic (FAST) Action Agenda on Investments, a priority deliverable of the Coordinating Committee on Investment (CCI) in 2017.

To implement the project, the Philippines will host an event that will have two major activities: 1) a business conference which will include presentations of selected MSMEs from AMS highlighting their business ventures in ASEAN and experience in forging relationship with MNEs; and 2) pre-arranged business meetings between MSMEs and MNEs. Other relevant activities may be arranged as appropriate. The event is tentatively scheduled in October 2017.

As part of the preparatory work, priority or focused sectors for the project will be identified based on the areas of interests of MNEs. Thus, each of the AMS will identify their respective MNEs together with the information on their business interest, particularly those that ASEAN MSMEs can possibly serve either in terms of goods, services or other business arrangements. To facilitate this, the identified MNEs will have to fill-up the Company Profile Form created for the purpose (see attached).

In terms of funding, PH as host is coordinating with the ASEAN Secretariat for appropriate funding institutions that will be tapped for this project. Part of the funds may be used to finance the participation of MSMEs from CLMV countries.

The project will also be implemented in coordination with the ASEAN Coordinating Committee on MSMEs (ACCSME).

### **IV. Expected Output**

Upon completion of the project, it is expected that the following will be generated:

1. Signed Letter of Intents (LOIs) between ASEAN MSMEs and ASEAN and global MNEs; and
2. List of possible business collaborations between ASEAN MSMEs and ASEAN and global MNEs for follow-through.

