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PROMOTING INCLUSIVE GROWTH THROUGH INNOVATION, TRADE AND E-COMMERCE

BACKGROUND

The Association of Southeast Asian Nations (ASEAN)¹ and the United States promote a well-integrated and inclusive ASEAN Economic Community by strengthening a more favorable environment for cross-border trade that benefits both ASEAN and the United States. The U.S. government, through the U.S. Agency for International Development (USAID), works to reduce the cost of international trade, spur e-commerce and increase productivity in Southeast Asia. USAID provides technical assistance to ASEAN sectoral bodies in trade facilitation, digital economy, and science, technology and innovation. USAID also promotes cross-cutting objectives that target the development of micro, small and medium-sized enterprises (MSMEs) and gender mainstreaming. As USAID's flagship project working in the ASEAN economic pillar, the ASEAN-USAID Inclusive Growth in ASEAN through Innovation, Trade and E-Commerce (IGNITE) project promotes close collaboration with ASEAN sectoral bodies and the regional and global private sector to implement the ASEAN Economic Community Blueprint 2025 across three work streams.

PRIORITIES

TRADE FACILITATION

ASEAN is committed to reducing the time and cost of trade through transparency, simplification, predictability, and use of technology. These efforts will facilitate business activity and support greater investment, including greater participation by MSMEs in cross-border trade that drives economic growth. USAID IGNITE supports ASEAN to reduce non-tariff trade barriers, improve logistics, and promote the harmonization of standards.

¹ The Association of Southeast Asian Nations (ASEAN) is a regional organization focused on maintaining regional security and promoting regional integration. ASEAN has ten members: Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

DIGITAL ECONOMY

It has been estimated that ASEAN's digital economy reached \$240 billion in value by end-2022. Online spending is poised to more than quadruple over the next six years, to \$1 trillion by 2030.² This tremendous growth potential of the regional digital economy suggests huge opportunities for SMEs capable of tapping into an expanding e-commerce space. USAID IGNITE promotes the growth of the regional digital economy by supporting ASEAN's efforts to improve the enabling policy and legal environment for e-commerce, with an emphasis on expanding digital finance.

SCIENCE, TECHNOLOGY, AND INNOVATION

ASEAN is keen to drive economic growth through an enabling environment that fosters science, technology, and innovation. USAID IGNITE promotes measures to create a more conducive environment for MSMEs to access and adopt new technologies. The project works to leverage the extraordinary potential of women in science, technology, engineering, and mathematics (STEM) and promote greater linkages among government, private sector and academia to encourage growth through research and development, including commercialization of research.

KEY RESULTS

- Developed the ASEAN Single Window Trader Survey, which was carried out in 2021 and 2022, and is underway now in 2023. The Trader Survey helps ASEAN improve the operation of the ASW through direct feedback from traders.
- Facilitated dialogue between U.S. Customs and Border Protection (CBP) and the ASEAN Single Window Steering Committee, to support linkages between ASW and the U.S. Automated Commercial Environment (ACE).
- Assessed the performance of ASEAN countries in carrying out the Digital Integration Framework and Action Plan (DIFAP), and surveyed businesses and consumers in ASEAN to gauge the actual impact of digital economy policies.
- Assisted in the creation of the ASEAN Digital Integration Index (ADII), a tool to systematically measure ASEAN countries' progress in achieving the digital economy milestones laid out in ASEAN's Digital Integration Framework.
- Implemented the Underwriters Laboratories-ASEAN-U.S. Science Prize for Women. The theme for 2023 is "Electrification". The Science Prize is also being handed over to the ASEAN Committee on Science, Technology, and Innovation (COSTI) for the ASEAN Secretariat to manage going forward.
- Supported the US-ASEAN Business Council (US-ABC) to complete the modernization of its ASEAN Small & Medium-Sized Enterprise Academy ("SME Academy 2.0") online platform aimed at upgrading SME business skills across the region. IGNITE is assisting the Academy to create new courses promoting MSME resilience and bolstering digital skills for e-commerce.

CONTACT Desy Fatimah, USAID/RDMA ASEAN Office - dfatimah@usaid.gov

² Seventh edition of the e-Economy SEA report, "Through the waves, towards a sea of opportunity." Google, Temasek, and Bain & Company, October 2022.