



FEED THE FUTURE

The U.S. Government's Global Hunger & Food Security Initiative



ACCESS TO FINANCE RATE Summary

This document presents the findings of the Regional Agricultural Trade Environment (RATE) assessment conducted in the ASEAN region in 2012 by the Maximizing Agricultural Revenue through Knowledge, Enterprise Development, and Trade (MARKET) Project.



USAID
FROM THE AMERICAN PEOPLE

ACCESS TO FINANCE

Regional Agricultural Trade Environment (RATE) Summary

USAID Maximizing Agricultural Revenue through Knowledge, Enterprise
Development and Trade (MARKET) Project

SUBMITTED TO
USAID Regional Development Mission for Asia

UNDER CONTRACT
486-I-01-07-00008-00
Task Order AID-486- T0-11-00009

SUBMITTED BY
Nathan Associates Inc.
www.nathaninc.com

December 2013

On the cover: A worker in Laos loads coffee in a new factory constructed with bank financing.
Photo credits: Nathan Associates Inc.

DISCLAIMER

This document is made possible by the support of the American people through the United States Agency for International Development (USAID). Its contents are the sole responsibility of the author or authors and do not necessarily reflect the views of USAID or the United States government.

In Brief

ACCESS TO FINANCE

Why Access to Finance? Micro, small, and medium-sized agricultural producers, processors, and traders need access to a variety of financial services in order to maintain and grow their businesses. Among ASEAN Member States, small producers and agricultural enterprises often lack sufficient access to the financial services they need, or available services—often informal and unregulated—come with unfavorable terms. With more access to credit, small farms and enterprises could expand or become more productive, and thus earn more, improve their livelihoods, and increase the supply of food in their countries. And a stronger legal and institutional environment for credit could reduce risk to lenders and the cost of finance for agricultural enterprises, a cost ultimately reflected in food prices for consumers. Other financial services, such as insurance, can also promote agricultural lending and investment by reducing the risk to investors.

ASEAN's Approach. The ASEAN Economic Community Blueprint includes a framework for promoting SME development, a key component of which is increasing access to credit to enhance SME competitiveness in ASEAN. The framework includes activities to establish an SME financial facility in each ASEAN Member State, conduct a feasibility study of SME credit systems, and set up a regional SME Development Fund. The ASEAN Insurance Training and Research Institute is a resource for insurance institutions focusing on developing insurance capacity in ASEAN's lower-income Member States.

Regional Findings. Sources of finance in the agriculture sector vary from the formal to the informal, with the greatest needs for credit among SMEs. Lending to SMEs against moveable collateral—such as equipment, stored crops and other inventory, and livestock—is increasingly accepted in theory, but not in practice. Lending against intangible collateral, such as accounts receivable or intellectual property, is even rarer.

Formal credit reporting is increasingly used to diminish risk in lending, but rural borrowers are widely overlooked by reporting systems. Insurance in the agriculture sector is not widely available, but there is a growing interest in insurance as a means of reducing risk to lenders.

Opportunities for ASEAN and Regional Entities

- Develop regional guidelines on the legal and institutional framework for collateral lending
- Develop regional guidelines on the role of state-funded agricultural development banks
- Encourage a regional discussion of agricultural insurance
- Finalize and implement the proposed ASEAN SME Policy Index

Opportunities for Member States

- Streamline secured transactions laws
- Create or strengthen collateral registries to reduce lenders' risks
- Create or improve the effectiveness of credit reporting systems
- Expand access to microfinance services for SMEs
- Improve collection of statistics on access to finance in rural areas
- Improve women's access to finance

AT ISSUE: ENSURING ACCESS TO RESOURCES FOR ALL WHO CONDUCT BUSINESS

Micro, small, and medium-sized producers, processors, and traders in the Member States of the Association of Southeast Asian Nations (ASEAN) seek finance for a variety of purposes. Whether at the beginning of an agricultural value chain or well into the continuum of trading, processing, and further trade and distribution, they seek loans to pay for critical inputs, to bridge the gap between planting of crops and receipt of payment for harvested goods, to purchase processing equipment or storage facilities, or to expand into new markets.¹ They are often disappointed. The risks involved in lending to newer, smaller, or agriculture-based enterprises are often too great for banks and other formal lenders to assume. These risks include inadequate financial infrastructure, limited forms of collateral, difficulty in enforcing contracts, a dearth of insurance products, and the particular risks faced by agriculture, such as seasonality, environmental disaster, and potential for spoilage.

As a starting point for strengthening the environment for credit, countries need a strong legal and regulatory framework for lending.² Essential components of the framework include not only general laws governing the establishment and supervision of banks and other lending institutions, but also a real property law and a secured transactions law that allow the use of “real property” (land and buildings affixed to the land) or “movable property” (goods and equipment that can be moved) or even “intangible property” (accounts receivable, government bonds, corporate shares, intellectual property) as collateral to secure loans. Collateral lending lowers the risk of default because borrowers will normally pay off their loans rather than risk losing the property used as collateral. A well-structured secured transactions law expansively defines the property that can be used as collateral, and thus expands access to credit. In modern systems, collateral ranges from tangible property, such as tractors and processing equipment, to intangible property such as future crops or long-term contracts. Livestock and inventory can also serve as collateral, even though the individual items may change over time.³



What is collateral?

Collateral is an asset owned by a borrower that is pledged to a lender, who can legally hold or seize the asset in lieu of partial or total repayment of a loan should the borrower fail to comply with the terms of the loan.

In addition to enacting laws to support the credit environment, countries need strong financial institutions that can manage the risk of lending. Among these institutions is a collateral registry that allows lenders to search existing registrations and confirm that a borrower has not already pledged a piece of collateral as a security for another loan. Another important institution is a national credit reporting system, a cornerstone of lending in modern financial systems. Through automated systems, lenders can query one or more credit bureaus to determine the history of a borrower’s use of credit—for example, the number and value of past loans, and whether they were repaid in full and on time. Legal and regulatory structures governing the operation of public and private credit bureaus help ensure that lenders have adequate and correct information about borrowers’ creditworthiness.⁴

Agricultural enterprises, including farmers, microenterprises, and small and medium-sized enterprises (SMEs), seek finance from a range of financial institutions, from commercial banks for larger businesses, to state-run agricultural development banks for medium or small enterprises, to microfinance institutions (MFIs) and informal lenders for small farms and microenterprises. In any economy, banks should be the principal engines of credit. Commercial banks tend to be risk-averse, so they often neglect smaller players in the agricultural sector in favor of less risky sectors. In high-risk environments, commercial banks often require collateralization rates of 200 percent or more of the value of the loan and they also hesitate or simply refuse to accept movable or intangible forms of collateral.

A strong collateral registry should

Allow quick and efficient creation of new registrations and search of existing registrations

Be comprehensive and up to date

Be automated but not overly complex

Have a clearly defined mandate, adequate and well trained professional staff, and sufficient resources

Be free from political influence

Many developing countries support state-owned development banks and agricultural development banks. Such banks provide general retail, advisory, currency, and other banking services, and may offer farmers or small agricultural enterprises preferential access to credit or loan terms uncommon in private commercial banks. Though a valued alternative to private banking in many economies, such banks may deter private banks from supporting agriculture-based enterprises because private banks do not enjoy the competitive advantage of government-supported lending.

Microfinance can be an effective way of extending financial services—including deposits, loans, payment services, money transfers, and insurance—to low-income farmers and micro and smaller enterprises.⁵ Oriented to poor households and microenterprises, MFIs take on riskier clients than commercial banks and are more likely than banks to accept movable collateral to secure a loan or not to require collateral at all. International best practice is for MFIs to be regulated in a manner analogous to banks, but not exactly the same, and for a clear distinction to be made between those that accept deposits and those that do not.⁶ In addition to MFIs, producers and small enterprises often turn to informal or semi-formal lenders, including traders or middlemen, nongovernmental organizations (NGOs), or money-lenders.

A common form of agricultural finance is contract farming, in which a firm that processes or markets an agricultural product provides credit to farmers through contracts against the future harvest that the farmer will sell to them. Informal contract farming occurs when farmers obtain credit from traders or middlemen based on an agreement to sell their products to them and repay the loans after harvest. “Value chain financing” is a related option directed at various actors in a value chain to receive financing from or provide financing to other members of the chain.

Another financial product is insurance, particularly crop or shipment insurance. Insurance is especially important where agricultural enterprises face a high risk of natural disaster. While insurance companies do not provide credit directly, they can have a tremendous impact on access to credit. Banks are much more willing to lend and interest rates are likely to be lower when agribusinesses have credible insurance policies.

This paper summarizes research on the ability of producers, processors, and traders of agricultural products in ASEAN to access finance, especially in the context just described. In addition to discussing the state of the legal and institutional framework for collateral and credit reporting, this paper suggests regional and country-specific opportunities for promoting access to finance in ASEAN's agriculture sector.

WHAT IS ASEAN'S CURRENT APPROACH TO ACCESS TO FINANCE?

ASEAN Policy Blueprint for SME Development

The ASEAN Economic Community (AEC) Blueprint, which lays out the strategy for regional economic integration by 2015, includes a framework for promoting SME development.⁷ One component of the framework is opening up access to financing in order to enhance the competitiveness of SMEs in ASEAN. The ASEAN Policy Blueprint for SME Development (APBSD) 2004-2014⁸ contains framework details along with activities to be carried out over a 10-year period:

- Establish an SME financial facility in each Member State, drawing on a survey of best practices in SME finance to be conducted by Malaysia and Brunei.
- Conduct a feasibility study of SME credit systems for enhancing SME access to bank lending and loan guarantee in ASEAN, with a survey to be conducted by Indonesia.
- Establish a regional SME development fund to provide services to ASEAN Member States.

The proposed development fund envisions many opportunities to support enterprises in all sectors. These include innovative financing support systems for techno-entrepreneurs, including those based on newly developed financing concepts and schemes. The fund would also provide support to SME-related regional infrastructure through initiatives such as an ASEAN SME Web Portal to provide information and education; virtual ASEAN agencies linking up SME-related agencies; and, ultimately, the development of an ASEAN Credit Bureau. The fund would also provide direct financing to SMEs, develop regional capital markets for SMEs, help get SMEs listed in the stock market, and create a national and regional SME credit guarantee scheme. Finally, the fund would support networking among groups such as high-technology SMEs, financing agencies providing services to SMEs, and management experts.⁹

SME Working Group

The SME Working Group, which consists of representatives from the SME agencies of each Member State, is advancing ASEAN's goals for access to finance. In parallel with the APBSD, regional cooperation on SME development is guided by the Strategic Action Plan for ASEAN SME Development (2010-2015). The working group is updating the action plan to ensure that it aligns with regional developments. Public information on AEC Blueprint activities, however, is limited. The working group is developing an ASEAN SME Policy Index to help monitor progress in making the sector competitive and innovative and to ensure that regional and national policies, programs, and institutions are supportive of SME development.¹⁰

What is an SME?

There is no single definition of small and medium sized enterprises in ASEAN, or even in individual Member States. Most countries determine whether a firm is small or medium sized on the basis of number of employees, value of assets, and/or value of annual sales.

For example, Cambodia categorizes firms with between 11 and 50 employees and fixed assets of \$50,000 to \$250,000 as “small” and firms with between 51 and 200 employees and fixed assets of \$250,000 and \$500,000 as “medium-sized.” The Indonesian government uses total assets and annual sales to define SMEs, while generally disregarding numbers of employees. Other factors that may affect how local and national authorities categorize an enterprise include invested capital, production capacity, and the sector in which the firm operates.

High-value farming operations that seasonally employ a significant number of casual workers may or may not be regarded as SMEs, depending on the country and the context. Moreover, some Member States distinguish between a microenterprise and a small enterprise, with the former generally applying to household enterprises with fewer than 10 workers, most of whom are casually employed.

Others (such as Vietnam) do not set a floor for number of workers or value of revenue, effectively including microenterprises in their definition of SME. Most formal definitions pertain to businesses that have been registered or formalized in some manner, and exclude small-scale, informal family enterprises. However, there is often ambiguity with respect to whether unregistered businesses employing non-family members, maintaining recognizable non-family assets, and taking in significant annual revenues qualify as SMEs.

In a 2010 report on SME access to finance in ASEAN, the Economic Research Institute for ASEAN and East Asia recognized varying definitions of SME among ASEAN Member States, while generally treating all firms with fewer than 200 employees (including microenterprises and informal businesses) as SMEs for the purposes of its own survey. A U.N.-sponsored article on the topic notes that, because “SMEs typically make up more than 90 per cent of all registered enterprises in any country,” they tend to “dominate the corporate community” in most ASEAN Member States.

SOURCES: U.N. Economic and Social Commission for Asia and the Pacific, SMEs in Asia and the Pacific (2012); Economic Research Institute for ASEAN and East Asia (ERIA), Small and Medium Enterprises (SMEs) Access to Finance in Selected Asian Economies (2010).

ASEAN Finance Ministers Meeting

The ASEAN Finance Ministers Meeting (AFMM) is the body of ministers responsible for considering regional cooperation on finance.¹¹ In 1999, the AFMM initiated the ASEAN Surveillance Process (ASP) to enable peer review and discussion among senior central bank and finance officials on economic developments and policy issues. The ASP has evolved into an important economic monitoring and surveillance mechanism. Key achievements include (1) the establishment of a unit at the ASEAN Secretariat dedicated to regional surveillance and facilitating cooperation activities in finance; (2) capacity-building and training programs on regional economic monitoring and surveillance for finance and central bank officials; and (3) technical studies and policy papers on finance and economic issues.

In 2003, the AFMM established a roadmap for monetary and financial integration of ASEAN, which includes a financial services liberalization activity. The activity is intended to achieve a freer flow of financial services by 2015, including through streamlined transfer of funds for inward, outward and liquidation of FDI and portfolio flows. In addition to capital account liberalization, the plan encourages capital market development and cross-border cooperation among capital markets; integration of capital



Agriculture, even simple greenhouses, often cannot be modernized without financing.

markets, including through the harmonization of Member State laws pertaining to capital markets; and strengthened cooperation among Member States' insurance markets.¹²

Insurance Cooperation

Member states cooperate on insurance matters in a number of ways. They share insurance statistics to achieve a unified form of statistics, exchange views on regulatory issues, observe core principles related to insurance markets, and run research and capacity-building programs for insurance regulators. Established in 2000, the ASEAN Insurance Training and Research Institute is a resource for insurance institutions that focuses on the development of insurance capacity in lower-income countries.¹³

ACCESS TO FINANCE IN ASEAN: HIGHLIGHTS FROM THE RATE ASSESSMENT

The RATE assessment analyzed access to finance in ASEAN in four areas: legal framework, implementing institutions, supporting institutions, and social dynamics.¹⁴ Questions centered on the presence of a formal legal and institutional framework for collateral and credit reporting that is in step with international best practice, as well as on other aspects of finance in the agriculture sector, including availability of microfinance services and access to agricultural insurance. Key findings of the assessment are set forth below.

Collateral lending: Increasingly Accepted in Theory, But Not in Practice

In its 2010 report on SME access to finance in ASEAN and selected Member States, the Economic Research Institute for ASEAN and East Asia (ERIA) summarized three primary sources of funding for SMEs: (1) formal sources, including commercial banks and government-backed sources; (2) informal sources, including grey-market lenders and certain MFIs; and (3) internal funds, provided from own accounts or family members.¹⁵ Internal funds are used by 75 percent to 90 percent of SMEs. The success of enterprises with formal lenders depends on their evident strengths and weaknesses, including length of time in business, value of assets, and existing debt. For SMEs that own assets—land, equipment, accounts receivable, and other tangible and intangible items of value—most ASEAN Member States have laws on mortgages (for land or land use rights) or secured transactions (for other types of property) that allow them to use that property as collateral. The laws permit borrowers to secure loans with land and land

Laws and Institutions for Accessing Credit Across ASEAN's Developing Countries

| Country | Secured Transactions Law | Collateral Registry | Credit Information System |
|-------------|--------------------------|---------------------|---------------------------|
| Burma | | None | None |
| Cambodia | √ | Weak | Strong |
| Indonesia | | Weak | Weak |
| Laos | √ | Weak | None |
| Malaysia | √ | Strong | Strong |
| Philippines | √ | None | Weak |
| Thailand | √ | None | Weak |
| Vietnam | √ | Strong | Weak |

rights and with other assets, such as farm equipment, crops, or livestock. But commercial banks are not likely to accept most movable or intangible collateral and are therefore unlikely to lend to SMEs that lack sufficient real property in the form of land or buildings.

Several Member States have passed new or reformed secured transactions laws over the past decade, including Malaysia in 2001, Cambodia in 2007, and Vietnam in 2009. Indonesia has a number of laws and regulations that aim to provide for securing of loans through moveable and other types of collateral, but the complex and opaque system of implementation does not meet the standard of international best practice. Indonesia would benefit from a streamlined law on secured transactions that is accessible in particular to individuals who lack ownership rights in real property.

Even in Member States that have a legal framework for accepting movable collateral, lenders tend to consider doing so too risky because they fear they will not be able to locate and seize movable or intangible property in case of default. Examples of this were reported during the RATE assessment in Cambodia, Indonesia, Malaysia, and Vietnam. In the Philippines, lenders expressed greater willingness to accept moveable collateral that is registered to the owner, such as vehicles, but resist unregistered items such as equipment, crops, or inventory. In Thailand, banks have traditionally accepted only land as collateral, but have become more flexible in accepting movable collateral, such as inventory or receivables, from qualified borrowers. Thailand's SME Development Bank, for example, accepts collateral from SMEs in the form of current assets. Vietnam's financial institutions have also become more open to accepting movable forms of collateral in recent years because of improvements in that country's secured transactions law.

One reason commercial banks hesitate to accept movable or intangible collateral from SMEs in the agriculture sector is the lack of an effective collateral registry through which lenders can secure that collateral. Collateral registries reduce the risk of lending so long as there is a firm expectation that the registered collateral can be possessed in the event of default. But the existing registries are often inefficient or expensive and not widely used. For example, despite the progressiveness and simplicity of Cambodia's 2007 law on secured transactions, use of the collateral registry since its creation has been weak. Lending against secured moveable collateral remains rare in Cambodia, mainly because lenders believe that the country's troubled and underfunded courts will afford little redress if the borrower fails to repay the loan.

Indonesia has different agencies for registering different types of property, such as real property, moveable property, and warehouse receipts. The Fiduciary Guarantee Registry, which is charged with registering loan pledges of moveable property, does not fulfill the role of a modern secured transactions registry. It does not provide adequate priority assurance due to lack of sufficient priority rules and it operates in relative secrecy. Registration of property for collateral purposes in Indonesia is considered slow and costly.

Malaysia and Vietnam have stronger collateral registries. Housed at the Companies Commission, Malaysia's registry is regarded as highly effective, as evidenced by the country's high legal rights score on the "getting credit" indicator in *Doing Business in 2013*. The registry, however, does not yet provide for online searches of registration and the system has not spurred willingness among lenders to accept moveable or intangible property as security for loans, aside from some lenders who accept boats or other large assets that maintain value over time. In Malaysia, there is a "missing middle" of loan products for SMEs that do not qualify for the government's generous services to new companies and that do not have enough assets to satisfy the collateral requirements of commercial banks.

To improve systems for collateral lending, the Government of Vietnam created a web-based movable collateral registry to simplify registration and provide easy access to reliable information. As of 2012, the registry was in full operation and is considered easy to use. It is unified geographically and by asset type, with an electronic database indexed by debtors' names. In theory, use of collateral to secure loans in Vietnam's agricultural sector should work. Still, implementation of the collateral law is weak and continues to constrain the use of movable assets to leverage financing. Banks reportedly do not understand, or are not aware of, the use of nontraditional collateral such as crops and livestock as a means of securing loans in the agriculture sector.

View from Vietnam

A NEW SECURED TRANSACTIONS DECREE

Vietnam has improved its legal framework for collateral lending in the past several years. Vietnam's Civil Code provided a structure for using fixed and moveable collateral to secure loans. The law allowed any business to use moveable assets as collateral while keeping possession of them and did not require a specific description of the secured assets. In practice, however, the use of agricultural collateral, particularly for farmers, was not working well. Farmers were routinely denied the ability to use their property, including land use rights and breeding animals, as security for loans. In 2006, the IFC recommended to the Ministry of Justice how the secured transactions system could be modernized. By 2009, the Ministry of Justice had implemented a number of those recommendations, including enactment of a new Secured Transactions Decree. Thereafter, Vietnam's "getting credit" score on the annual *Doing Business* analysis improved considerably.

Credit Reporting: A Range of Experiences

Credit reporting systems vary widely across ASEAN Member States, and include a mix of public and private-sector approaches. Malaysia has a consistent, reliable, and thorough reporting system, ranked by the World Bank as one of the world's most effective in maintaining credit information. Public and private credit bureaus are permitted to operate in Malaysia. Lenders are well acquainted with the process of obtaining credit information about potential borrowers, including through records of positive and negative credit experience, and viewing even poor credit scores with a critical eye. A law on privacy limits the disclosure of credit information only to eligible financial institutions. Ultimately, banks rely on their own systems—including an assessment of the borrower's "character" and hands-on business experience—in deciding whether to extend a loan. Borrowers still complain that lending standards are too high and not transparent enough.

In contrast, Laos has no legal framework for public or private credit reporting. The government is reportedly working on starting a public system and some private banks have discussed teaming together to create a private alternative. Burma similarly has no formal credit reporting system.

Thailand enacted laws to regulate the credit information business after the 1997 financial crisis, and in 2005 the country merged two credit reporting agencies to create a national bureau. The Thai national credit bureau is useful, but credit information is available only through the banking system and is reportedly difficult to access. By law, credit information can be disclosed only to members or users who wish to use the information for credit analysis and evaluating credit card applications, and only with the consent of the information owner. Credit reporting agencies can store positive and negative information, but there is a limit on the length of time negative information can be stored: three years for consumer credit and five years for commercial credit.

Vietnam established its Credit Information Center (CIC) in 1999. It now exists as an independent unit under the State Bank of Vietnam. The CIC is also charged with overseeing independent credit bureaus that track customers' legal profiles, financial status, outstanding loans, loan guarantees, loan security, and bad debt. Only one private credit bureau has been established. The main users of credit bureau information are banks, government agencies, and other financial institutions. It is not clear whether microfinance clients feed into the bureaus. In 2011, the CIC issued a draft regulation requiring 20 commercial banks to provide credit information exclusively to each credit bureau in order for the bureau to be recognized;

View from Vietnam

SUBSIDIES TO REDUCE POSTHARVEST LOSS

Vietnam's Ministry of Finance lends cash or inputs to farmers directly or through small lending programs. Such loans are subject to rapidly changing policies and the government tends to focus disproportionately on the rice sector and other cash crops for export. Government loans also tend to be short-term, although the agricultural sector badly needs long-term loans to finance capital and productivity improvements.

In July 2012, the State Bank of Vietnam announced a subsidy policy to reduce losses for farmers following agricultural and aquatic harvests. Subsidies are offered to institutions, households, and individuals who borrow money to purchase machines and equipment aimed at reducing postharvest losses. Similarly, entities that invest in rice and maize storage and storage of aquatic products, vegetables, fruit, and coffee are eligible for government support. Five banks have committed to providing loans with subsidized and investment development interest rates. In addition to this program, Vietnam has expanded opportunities for smaller borrowers to save and borrow money, although wariness of banks remains common.

in turn, those 20 banks would be allowed to obtain data only from that credit bureau. As pointed out by EuroCham, this draft regulation “does not promote healthy competition in this field” and recommended that credit institutions be permitted to use the services of more than one credit bureau.¹⁶

A strong and inclusive credit reporting system is considered critical to improving access to finance for the poor in general and for women entrepreneurs in particular. Worldwide, women as borrowers receive just 5 percent of available credit;¹⁷ unfortunately, definitive statistics on credit dispersed to women in ASEAN are not readily available. Women in ASEAN and beyond do tend to participate widely in available microfinance schemes. In fact, microfinance can serve as an important marker of creditworthiness to be registered in credit bureaus. For example, Thailand’s credit registry includes microfinance loan histories, which means that women who start off borrowing small amounts of money can theoretically build a credit history over time and eventually get access to larger loans on more advantageous terms.

Since its establishment in 2006, Indonesia’s public credit bureau has strengthened data quality and infrastructure and given users wider coverage but there is room for improvement, especially with respect to smaller transactions, including reporting of micro-loans.

The Cambodian Credit Bureau (CCB) was launched in Phnom Penh in March 2012 after a planning process that began in 2008. Significantly supported by the IFC, CCB aims to centralize loan information from Cambodia’s banks *and* MFIs.

Lenders of First Resort: Sources of Finance in the Agriculture Sector

The following sections discuss some of the sources of finance that smaller producers and SMEs in ASEAN are most likely to access: agricultural development banks, MFIs, and informal lenders.

Agricultural Development Banks and Related Sources of Funds

State-funded agricultural development banks or other state-funded programs are a common source of credit for farms, microenterprises, and SMEs that cannot access sufficient credit, either from friends and family or from commercial banks. Agricultural development banks also frequently provide finance to other financial institutions that serve the agriculture sector, such as rural banks and MFIs. Agricultural banks may provide support to build the capacity of microenterprises and SMEs so that they are eligible for credit from private financial institutions. However, in some cases these government-funded finance programs are inefficient or even corrupt and may inject too much subsidized credit into the economy, which can discourage lending by private institutions.

There are several examples of agricultural development banks and other state-funded sources of finance in ASEAN Member States. One relatively strong example is Cambodia’s Rural Development Bank (RDB), a public, autonomous bank established in 1998. The RDB’s primary goal is to provide finance to commercial banks, MFIs, credit operators, associations, development communities, and SMEs. As part of this work, the RDB encourages enterprises to formalize and thereby become eligible for more forms of finance. The RDB receives significant funding from donors, including the Asian Development Bank and others, and so must be accountable to those sources in executing its lending function.

In Malaysia, new and small companies have access to many forms of government-backed finance, including through the “government-linked” AgroBank. Finance opportunities for SMEs and/or farms include the following:

- Heavy subsidies for certain inputs, including seed and fertilizer.
- Rent assistance from local development agencies for the first year or two of doing business.
- Grants and loans from the Ministry of Agriculture and Agro-Based Industries and other agencies for start-up capital or to obtain key certifications, such as Halal or HACCP (Hazard Analysis and Critical Control Point).
- Financial assistance to engage in trade promotion.
- Loan guarantees provided by associations.
- Other sources of direct finance and financial support.

The government has also invested significantly in building the capacity of new businesses, including food-processing enterprises, to diminish lending risk. Unlike some Member States, Malaysia has been careful not to extend excessive amounts of subsidized credit into the economy. Despite pressure to extend credit liberally throughout the country, the Central Bank took steps in 2010 to prevent overextension of household credit by raising interest rates, an act that reportedly has restrained inflation.¹⁸

In Thailand, the state-owned Bank for Agriculture and Agricultural Cooperatives (BAAC) is the primary source of funding for farms, cooperatives, and SMEs. Established in 1966, the bank functions as a financing center for agricultural cooperatives and individual farmers. To access these loans, cooperatives must have at least 100 members and have existed for at least two years. BAAC works directly with farmers to decrease the ratio of non-performing loans. For the segment of society that is too poor to borrow, BAAC offers the solution of “community banks,” which charge higher interest rates than regular loans—generally 12 percent, as opposed to 7 percent. The government also provides seeds and other input through “village funds.” On the other hand, BAAC is substantially involved in Thailand’s rice-pledging program, through which the government guarantees to purchase rice from farmers at prices up to 50 percent above global market prices. As BAAC contributed at least US\$4 billion to the program, losses in 2012 amounted to US\$3.2 billion.

In Laos, the state-owned Agricultural Promotion Bank (APB) offers short-term loans for the pre-harvest and harvest seasons. Loan products are tailored to producers, rather than those at other points along the value chain. A new program offers small, six-month, no-collateral loans to groups of farmers at a discounted 8 percent interest rate. The APB uses a social collateral model, in that groups of families guarantee each other. Few farmers are interested, however, because the loan amounts are small

View from Philippines

GOVERNMENT SUPPORT FOR FARMERS AND FISHERS

The Philippines has several government-backed programs to support agribusinesses in getting credit. The Agro-Industry Modernization Credit Financing Program (AMCFP) is mandated by the Agriculture and Fisheries Modernization Act. It is a financing program for agriculture and fisheries designed to make credit more accessible by including banks, cooperative rural banks, self-help groups, farmers’ associations, and NGOs as retailers of the AMCFP fund.

Another lending program under the AMCFP is the Agri-Fishery Micro Finance Program, which is meant to improve the incomes of small farm and fishing households through improved access to financial services that can help them diversify income sources and improve profitability.

and the terms too short, and also because each farmer becomes individually liable for the debt of the others. In general, the APB has limited resources and most lending is short-term (under a year). The APB reaches just 2 percent of rural households and farmers often find it difficult to access loans it offers.

Microfinance Institutions

Most ASEAN Member States have one or more laws allowing and regulating the use of microfinance. For farms and small enterprises seeking to assure stability through off-season off-farm employment and entrepreneurship, microfinance can be an important factor in business growth. Microfinance institutions often allow group guarantees or “social collateral” to maintain loan security in lieu of more traditional individuals’ collateral to secure a given loan. Across ASEAN, there are a range of experiences in microfinance.

In Indonesia, microfinance is generally referenced in the lending laws, but there is no microfinance law and certain important conditions for micro-lending are not clear. A law that would expand access to microfinance services has been under consideration for 10 years, with little movement toward getting it passed. While farmers in Indonesia may use MFIs for savings, small farmers interviewed for the RATE assessment rarely get loans from MFIs. Farmers most frequently mentioned Bank Rakyat Indonesia (BRI), which specializes in microfinance and is 70 percent owned by the government. Most loans through BRI, however, consist of inputs—fertilizer and seed—repaid in cash or seed. Most farmers and microenterprises stated they did not have access to more formal means of finance because commercial banks require documentation and collateral that they cannot provide.

Laos and Vietnam have microfinance laws but the sector is still relatively weak and does not serve a significant portion of the population in need of microfinance services. There are only about 35 registered MFIs in Laos serving about 1.3 percent of the population (2012). In Vietnam, the law provides a regulatory framework for microfinance by requiring the transformation of semiformal lenders, including MFIs, into formal financial intermediaries. However, the microfinance sector is not a significant resource for the poor. The banking sector has a poor record in microfinance: it subsidizes credit, has low repayment rates, and is poorly managed. Semiformal institutions, such as those set up by international NGOs, are not covered by the law and find it difficult to become formal MFIs.

How Access to Finance Relates to Other RATE Topics

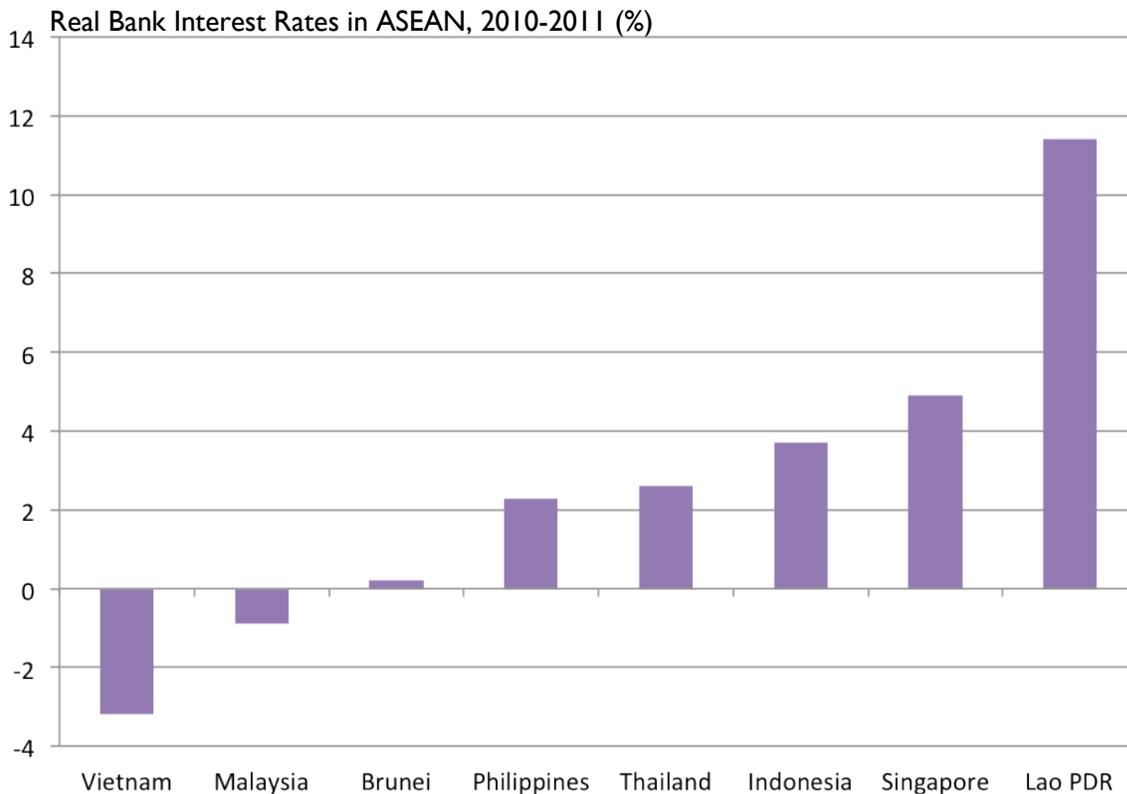
Informal Economy. Informal businesses rarely have collateral. Informal lending to them is common and terms are often usurious.

Competition. State-owned enterprises often have preferential conditions for access to finance, an unfair advantage over private competitors.

Gender. Women often lack access to collateral because it is registered in their husbands’ names. There is enormous opportunity for specialized lending products for women.

Transparency and Accountability. Absence of transparency and accountability in the governance of financial institutions can lead to financial crisis; in recent years, banks in ASEAN have strengthened their practices.

Legal and institutional support for the microfinance sector can be significant in some Member States, particularly in Malaysia and Cambodia. Microfinance is widely available in both countries. In Cambodia, in addition to formally licensed MFIs, is an abundance of unregistered small service providers, along with hundreds of informal credit schemes. The availability of funds for “even the poorest farmers in the poorest regions,” as one donor says, is considered an accomplishment by some, while others note that that interest rates of 2 percent to 3 percent per month have not declined in eight years, thus showing little change in the costs and risks that lenders assume.



SOURCE: World Bank; Data for Cambodia and Burma not available.

Recently MFIs have been planning to incorporate specialized financial products for agriculture, such as credit for building small-scale irrigation facilities. Credit officers in MFIs work closely with clients during application, loan use, and repayment periods. In the 2003-2012 period the share of agriculture lending in microfinance ranged from 16 percent to 28 percent of loans, hitting 19 percent in 2012.

In Malaysia, small micro-loans are available to poor and marginalized populations, and small businesses have many avenues of financial assistance. Malaysia has a comprehensive MFI framework, through which commercial banks, development financial institutions, and credit cooperatives have been identified to provide microfinance to viable microenterprises. Malaysia’s national institution charged with supporting new and small businesses, SMECorp, works with banks to facilitate government-backed

lending. Amanah Ikhtiar Malaysia (AIM) is the dominant provider of traditional microfinance, offering Grameen-style, interest-free loans to poor borrowers for the purpose of income generation.



Market traders are often heavily burdened by usurious interest rates.

Value-chain financing, contract farming, and informal lenders

When financial services are not available from formal financial institutions, producers, processors and traders in ASEAN often turn to other types of lenders, including buyers, suppliers, traders, pawn shops, and moneylenders. Some arrangements involve a formal contract, such as agreements between farmers and larger agribusinesses or processors. “Value-chain” finance allows actors across a value chain to receive finance from or to provide finance to other members of the chain. For example, a processing plant may arrange to pay for new equipment to a manufacturer or distributor over time, with the equipment itself serving as collateral. In contract farming arrangements (a subset of value-chain financing), farmers obtain credit or inputs from the buyer of their products. After the harvest, the farmers sell their products to the buyer and their loans and interest are deducted from the payment.

Formal contract farming arrangements are common in Indonesia, for example, where certain large food-processing companies that use Indonesian inputs, such as dairy products and cocoa, provide financing to farmers from whom they buy. However, in Indonesia as in many ASEAN Member States, small farmers are more likely to engage in informal contract-farming with traders or middlemen, in which there is only a verbal agreement. In these types of arrangements, farmers wield little power and often must accept high interest rates or unfavorable terms. Dissatisfaction often goes both ways. Lenders and buyers interviewed during the RATE assessment complain that farmers often sell on the side the very products they committed to selling exclusively to them earlier in the season. One small Vietnamese processor of cassava, for example, terminated its contract farming arrangements, reasoning that it would likely obtain

the same amount of product from the same farmers at harvest time, without the risk of losing the value of inputs loaned at the beginning of the season.

In Indonesia, farmers usually receive credit in the form of cash or inputs, such as seed or fertilizer, from the middleman or “tengkulak” that serves their area. Competition among these traders is limited, so farmers usually do not have the ability to sell to the trader that offers the best price or lowest interest. As a result, farmers have little leverage to negotiate on price or loan terms. Prices obtained through these arrangements are often significantly below market price. Although farmers may pay high interest and sell their products below market price, they still believe the middleman is important in providing finance. Middlemen offer more flexible terms than most other credit providers, accepting future crops as collateral and fitting the lending period to the agricultural cycle. Middlemen also provide other services, such as delivering inputs and transporting farmers’ products.

In other ASEAN Member States, smallholders also obtain credit through informal contract farming. These arrangements can be risky to the farmer and the lender when there is no formal contract in place. (And even when there is a written agreement there is little hope of enforcement.) Small farms and agribusinesses also obtain credit from other informal arrangements. Cambodia has many small unregistered financial service providers and informal credit schemes. Some entrepreneurs seek solutions to the finance problem by joining forces, increasing volumes to export and soliciting financing from international organizations or investors.

In Thailand, although credit is widely available to small farmers from formal sources (BAAC in particular), farmers often seek additional credit from informal lenders. As in Indonesia, farmers in Thailand typically have verbal agreements with informal lenders such as traders, using their future harvest as collateral. Thailand also has illegal lenders who lend to farmers at monthly interest rates as high as 15 percent. The government does not seem motivated to stop or formalize these lenders because they meet a market need. In Vietnam, small enterprises also rely on family financing or other informal sources of credit, such as loans from middlemen. Informal sources of credit in Vietnam generally offer more flexible terms and appropriate lending periods for the agricultural cycle, although they may place farmers in a vulnerable position if they fail to repay their loans.

Insurance in the Agriculture Sector: Of Growing Interest to SMEs

Insurance is not widely available or is inappropriate for the agriculture sector in many ASEAN Member States. Still, governments seem interested in reforming the insurance industry. The limited availability of agricultural insurance hampers the growth of agribusiness in ASEAN because the region faces many natural disaster risks. Without insurance, the business of agriculture is extremely risky and farmers and agricultural enterprises are less likely to invest and grow. Farming without insurance also drives up loan costs because the risk of crop failure makes default more likely. Many countries are planning to reform insurance industries or promote insurance programs, so this is an area to watch for improvements.

Crop insurance is not available in Laos or Thailand. Shipment insurance is available in Thailand but it is expensive. Crop insurance is available in other economies but is limited or not widely used. In Vietnam, for example, crop insurance for noncommercial farming is non-existent, although the government has tried to stimulate interest in collective insurance schemes. Indonesia’s insurance industry is small and fragmented and suffers from a lack of transparency and weak governance. Most providers are small and many are undercapitalized. The threat of insolvency among insurance providers means that there is a lack

of confidence generally in the industry. The industry could benefit from reforms such as consolidation, transparency improvements, and capacity-building among suppliers and regulators. Farmers in Indonesia face great risk from natural disasters and there is no insurance against that risk. Where crop insurance does exist, it is not appropriate to farmers' needs.

Insurance is more widely available to the agriculture sector in the Philippines and Malaysia, but is still not adequate. In the Philippines, crop insurance is provided by the Philippines Crop Insurance Corporation (PCIC), which is connected to the Department of Agriculture. In Malaysia, crop insurance tends to be used primarily by the country's large-scale plantations, while smaller and informal producers rarely use it.

Governments in ASEAN appear eager to make insurance more available for the agriculture sector given the risks of flooding, disease, pests, and climate change. In 2011, 15 provinces in Cambodia experienced severe flooding that affected 93,000 families and 170,000 hectares of rice. Only about 5 percent to 10 percent of those affected had insurance, and those were primarily commercial plantations; smallholders who lost their crops were left empty handed. In response, the government enacted a temporary micro-insurance law, with a general law still under consideration. A number of companies and NGOs in Cambodia are also considering at micro-insurance and are working with the government. The World Bank and other donors are examining the potential for a weather-indexed crop insurance product in Cambodia.



Crop insurance can provide the comfort farmers need to invest savings in new foods and techniques.

Other ASEAN Member States also have plans to improve availability of insurance to the agriculture sector. Indonesia's Ministry of Agriculture is piloting a crop insurance program. Vietnam is running a pilot crop insurance program for poor farmers in 20 provinces. The program provides 100 percent insurance fee support for the poorest farmers, 80 percent insurance for those who are just under the threshold, and 60 percent for those slightly above the threshold. The implementation period for the pilot

project is 2011-2013 and results will be evaluated with an eye toward scaling up availability to the national level.

As part of Laos's WTO accession process, the government is trying to reform the insurance industry. The Ministry of Finance is reportedly finalizing a new Insurance Law for submission to the National Assembly. The draft law aims to set a foundation for insurance sector development and to enhance the level of insurance services to regional and international standards. The Government of Malaysia recently pushed to improve the availability of crop insurance and there was a program supporting this effort in their 2012 budget.

OPPORTUNITIES FOR ACTION

There are many pathways to change in ASEAN and its Member States. Reforms can be advanced by a single, visionary champion or a by a groundswell of influential stakeholders. Some reforms take root after many years, while others happen quickly once empowered people act quickly and decisively in a way that reflects public demand and best practice. In most cases, a “big idea”—including the type often promoted by international organizations such as the World Bank—can be broken down into many smaller tasks that can be executed by a variety of public and private actors. Accordingly, the Opportunities for Action set forth below are multifaceted. They may be viewed as a foundation for regional or domestic policy development, as a resource for private sector initiatives, as a benchmark for tracking change, as a reference for academic instruction, and, most immediately, as a “jumping off point” for stakeholder discussion and consensus-building.

Opportunities for ASEAN and Regional Entities

Develop Regional Guidelines on Legal and Institutional Framework for Collateral Lending

The quality and effectiveness of the laws and institutions governing collateral lending in ASEAN Member States varies widely. As described above, there are several examples of strong laws on secured transactions, effective collateral registries, and credit reporting systems. Member states that need improvement in certain areas could benefit from regional guidelines on the legal and institutional framework for collateral lending. Such an initiative could be led by any number of entities—the ASEAN Finance Ministers Meeting, a regional meeting of Central Bank leaders, or even the regional association of banks and bankers. Most important, regional guidance should reflect input from SMEs, larger companies, financial institutions, local finance experts, donors, and other stakeholders. The guidelines will be most valuable if they do the following:

- Include a model law on secured transactions, along with recommendations for creating and maintaining effective collateral registries and credit reporting systems.

One of the main recommendations [to ASEAN] is to develop a range of programs or approaches to provide financing for SMEs with little collateral, such as credit insurance or guarantee schemes, credit rating or borrower risk rating, a ‘one finance advisor-one village’ approach, and training local financial institutions on risk management and borrower-risk rating.

—Economic Research Institute for ASEAN and East Asia, *Small and Medium Enterprises Access to Finance in Selected Asian Economies* (2010)

- Draw on strong systems already in place in ASEAN and the experiences of those few lenders who have shown willingness to extend loans secured by moveable collateral. Malaysia, Cambodia, and Vietnam can each serve as models for some of these guidelines.
- Set forth proposed benchmarks and timelines for harmonizing collateral lending frameworks, such that lenders may become increasingly confident that extending credit to smaller borrowers is worth the risk.

Develop Regional Guidelines on Role of State-funded Agricultural Development Banks

Most ASEAN Member States have some form of a state-funded agricultural development bank, but the effectiveness of these varies. Some government-funded finance programs are inefficient or nontransparent and may inject too much subsidized credit into the economy, thereby discouraging private lending. Member states could benefit from guidelines on the appropriate role of state-funded credit programs that support SMEs in the agriculture sector. Again, a number of entities could lead such an initiative, among them the ASEAN Ministerial Meeting on Agriculture and Forestry (AMAF), drawing on input from the ASEAN Finance Ministers Meeting and the ASEAN Economic Ministers Meeting, or a high-level experts group formed by stakeholders. The guidelines will be most valuable if they do the following:

- Draw on the successes and failures of state-funded agricultural development banks over the past generation.
- Explore the role of agricultural banks in targeting areas that cannot be well served by commercial banks or private microfinance, such as remote rural areas where other financial institutions do not penetrate.
- Encourage Member States to improve the transparency and accountability of their agricultural development banks and to avoid overextending subsidized credit.
- Discuss approaches to building the capacity of small or growing agribusinesses to access credit from private sector financial institutions when possible.

Encourage Regional Discussion of Insurance Products for SMEs and Agriculture

Although agricultural insurance is not widely available in the region, many Member States are making plans to reform their insurance industries or promote insurance programs. Insurance for SMEs and for the agriculture sector is challenging to develop and there are few examples of such insurance in the developing world. Still, insurance products for SMEs and farms in ASEAN Member States could significantly reduce business risks and mitigate risks associated with natural disasters. Drawing on the expertise of the ASEAN Insurance Training and Research Institute, ASEAN or a private-sector led working group could build on the interest of Member States and opportunities for developing agricultural insurance in Member States. Private insurers and Member State officials should be invited to discuss their views on reforming their insurance industries to promote SME and agricultural insurance, to share knowledge, and develop best practices for the region.

Finalize and Implement the ASEAN-SME Policy Index

The ASEAN SME Policy Index is a joint effort of the ASEAN SME Working Group and ERIA, which, according to the ERIA mid-term review of the AEC Blueprint, has been backed by the ASEAN Leaders.¹⁹ The index is still being developed with the cooperation of the OECD, which originated similar

indices for the Balkans, the Middle East, and countries of North Africa. As of March 2013, ERIA was carefully developing the index in cooperation with the SME Working Group so that the priorities of all Member States are duly incorporated. Ultimately, the index will reflect a regional view of priorities for SME development, including access to finance. Implementation of the index will illustrate how different Member States are instituting best practices in SME development and allow for observation and integration of positive experiences across borders.

Opportunities for Member States

Streamline Laws on Secured Transactions

The greatest opportunity for improvement in this area is in Indonesia, where the system of laws and regulations governing secured transactions is complex and difficult to understand. Indonesia would benefit from a streamlined law on secured transactions that clearly permits financial institutions to accept movable or intangible forms of collateral.

Create or Strengthen Collateral Registries to Reduce Lenders' Risks

Despite the existence of secured transactions laws in most ASEAN Member States that allow the use of movable collateral, the lack of effective collateral registries discourages financial institutions from accepting collateral other than real property. Countries that do not have a unified collateral registry—the Philippines and Thailand—should create them in keeping with the best practices outlined in this report. Where there are registries, they tend to be inefficient, expensive, and not widely used. Member states should strive to make these registries efficient, perhaps moving to an electronic or online registry, and less expensive for lenders and borrowers. Member states can follow the examples of collateral registries in Malaysia and Vietnam, and eventually look to ASEAN regional guidelines in the future.

Improve Effectiveness of or Create Credit Reporting Systems

The effectiveness of credit reporting systems varies widely across ASEAN Member States. Laos should work to develop a credit reporting system and Indonesia, Philippines, Thailand, and Vietnam should improve their systems. Credit bureaus should be easy for financial institutions to access and should report both positive and negative credit information. They should also be prohibited from disclosing credit information to anyone other than eligible financial institutions.

Expand Access to Microfinance Services for SMEs

Small and medium agribusinesses have limited access to microfinance services in many ASEAN Member States. In Indonesia, the problem is mainly related to the unclear legal framework for microfinance lending. Although a new law is not essential, producers and traders need clarity about how to obtain microfinance, the relative strengths and weaknesses of their borrowing options, the terms and conditions for microfinance, and the consequences of default. Regulators, lenders, and borrowers should be encouraged to forge consensus about how information can be simplified and packaged for greater understanding and awareness among stakeholders in the agriculture sector who would benefit from meaningful access to microfinance. Even Member States with clear microfinance laws still need to expand access. Laos and Vietnam should promote policies to expand the use of microfinance, since their microfinance sectors do not serve significant portions of the population in need of microfinance services.

In Malaysia and Cambodia, microfinance services are widely available to micro and small enterprises, but there is a gap in services available to medium sized agribusinesses, and these countries should work to bridge that gap by expanding financial services for the mid-sized business.

Improve Collection of Statistics on Access to Finance in Rural Areas

To improve policymaking related to agricultural finance, ASEAN Member States need better information about levels and types of finance available to the agricultural sector. The World Bank collects this information at the national level, but does not disaggregate information on rural and urban areas.²⁰ Financial services are much more readily available in urban areas, so existing statistics on access to finance do not present an accurate picture of the challenges faced by agribusinesses in rural areas. The statistics bureaus in Member States should gather information on financial services in rural areas and which types of finance are being used in the agriculture sector. In addition, ASEANstats should compile this data from Member States to provide a picture of the rural finance sector across the region.

Improve Women's Access to Finance

Despite laws mandating equality in land ownership and inheritance, women throughout the ASEAN region encounter difficulty securing land title and collateral for loans or space to launch enterprises. The Philippines and Cambodia present some positive examples in this area. In the Philippines, the government is sensitizing national, provincial, and local officials to the importance of having both spouses' names on land certificates. In Cambodia, a gender social impact assessment done in advance of a land-titling project resulted in 78 percent of new titles being in both spouses' names. With the support of the World Bank, Vietnam has also worked to equalize the rate at which women's names appear on land titles held by married couples.

In addition to addressing issues of land, ASEAN Member States can do several things to make access to finance easier for women. A number of countries can adopt legislation that makes microfinance easier and more conducive to long-term responsible use of credit. Thailand's credit registry links to MFIs, which women are more likely to use than formal banks. As set forth in the 2010 USAID/GenderCLIR diagnostic for Vietnam,²¹ additional approaches to improving women's access to finance include the following:

- Partner with universities and develop curricula for entrepreneurs' skill development that can be delivered through women's business associations.
- Create marketing programs that target women-owned SMEs. Larger banks can use their sizable branch networks to conduct seminars on getting access to capital and on their financial products. Hold quarterly networking events so women can get to know local bank managers and lenders.
- Study opportunities to create formal networks that can be used to support SME capacity-building assistance, information-sharing, and advocacy services. Stronger managerial skills and business know-how on the part of women business owners will persuade more banks to loan to women-owned businesses.
- Integrate women into private-sector supply chains and establish relationships with banks to encourage them to use purchase order agreements with their companies as collateral.
- Invest in women's entrepreneurship funds or venture capital firms that serve women-owned businesses.

Endnotes

¹ See USAID/Enabling Agricultural Trade, Agribusiness Commercial Legal and Institutional Reform project, Lessons from the Field: Getting Credit (2011).

² See generally, World Bank *Doing Business* initiative, Research on “Getting Credit,” available at <http://www.doingbusiness.org/research/getting-credit>.

³ USAID/BizCLIR, “Secured Transactions Law—Ethiopia,” available at <http://www.bizclir.com/cs/countries/africa/ethiopia/securedtransactions>.

⁴ See generally, World Bank *Doing Business* initiative, Research on “Getting Credit,” available at <http://www.doingbusiness.org/research/getting-credit>.

⁵ See Mamiza Haq, Mohammad Hoque, and Shams Pathan, “Regulation of Microfinance Institutions in Asia: A Comparative Analysis,” *Int’l Rev. of Business Research Paper*, Vol.4 No.4. (Aug-Sept 2008).

⁶ Id.

⁷ ASEAN Economic Community (AEC) Blueprint (2008).

⁸ ASEAN, Strategic Action Plan for ASEAN SME Development (2010-2015).

⁹ See Kenan Institute Asia, Regional SME Development Fund Conceptual Framework (undated).

¹⁰ ASEAN Secretariat, “ASEAN Economic Community Handbook for Business 2012,” Jakarta: ASEAN Secretariat, November 2012, available at http://www.asean.org/resources/publications/asean-publications/item/asean-economic-community-handbook-for-business-2012?category_id=382.

¹¹ See ASEAN Finance Ministers Meeting, “Regional Cooperation in Finance” (summary available at <http://www.asean.org/communities/asean-economic-community/category/asean-finance-ministers-meeting-afmm>).

¹² Aladin D. Rillo, ASEAN Integration Monitoring Office, “Road to Financial Integration in ASEAN” (PowerPoint, February 7, 2012).

¹³ See website of the ASEAN Insurance Training and Research Institute: http://www.aitri.org/cms/index.php?option=com_content&task=view&id=12&Itemid=28.

¹⁴ For a full description of the methodology, see the RATE methodology document.

¹⁵ Economic Research Institute for ASEAN and East Asia (ERIA), Small and Medium Enterprises (SMEs) Access to Finance in Selected Asian Economies (2010) at 21.

¹⁶ EuroCham/Vietnam, Trade and Investment Recommendations (2012).

¹⁷ Gates Foundation, Agricultural Strategy Presentation (2012).

¹⁸ New York Times—Malaysia page and accompanying links (2012).

¹⁹ Economic Research Institute for ASEAN and East Asia (ERIA), Small and Medium Enterprises (SMEs) Access to Finance in Selected Asian Economies (2010) at 34.

²⁰ See <http://data.worldbank.org/indicator/FS.AST.DOMS.GD.ZS/countries>.

²¹ USAID/GenderCLIR, Women’s Participation in Vietnam’s Economy: Agenda for Action (2010) (Women and Credit).