



OUTCOME REPORT

THIRD ASEAN INCLUSIVE BUSINESS SUMMIT

Inclusive business partnerships
to address challenges ahead

29 September 2020



OVERVIEW

Inclusive Businesses (IB) provide goods, services, and livelihoods on a commercially viable basis, to people living at the base of the economic pyramid (BoP) making them part of the value chain of companies as suppliers, distributors, retailers, or customers. The IB agenda was introduced in ASEAN in 2017 through a call by the ASEAN Leaders for greater emphasis on creating an enabling environment for Inclusive Businesses. The ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) took the lead in promoting IB in ASEAN, and since 2018 has collaborated with the [Inclusive Business Action Network](#) (iBAN), the [United Nations Economic and Social Commission for Asia and the Pacific](#) (ESCAP), and the [Organisation for Economic Co-operation and Development](#) (OECD) in efforts to help ASEAN Member States build capacity and develop a better understanding of the IB concept and IB approaches among policy makers and businesses, and thus encourage more inclusive businesses to emerge and scale up.

The Third ASEAN Inclusive Business Summit was organised through this collaborative effort, hosted by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The Summit marked the continued commitment of the ASEAN Community, including government representatives, the private sector, investors and development organisations, to create an enabling ecosystem for inclusive business, amidst the current COVID-19 pandemic crisis that poses even greater challenges to the region in meeting its targeted sustainable development goals by 2030.

As highlighted by Mr Kaveh Zahedi, ESCAP Deputy Executive Secretary, in his opening remarks:

“As countries look to build back better from the COVID-19 pandemic – including by supporting small and medium enterprises, promoting women’s economic empowerment and accelerating the digital transformation - inclusive businesses have the potential to be a driving force for transformation towards a green, inclusive and resilient ASEAN.”

The potential for IB to contribute towards resilience and recovery amidst the COVID-19 crisis and the need for collaborative efforts were echoed by representatives of iBAN and the OECD:

“The current crisis shows us that inclusive businesses are more resilient against such external shocks and contribute to a speedy and sustainable recovery. It is therefore of utmost importance that the framework conditions for such businesses are being improved and companies are being encouraged to develop their business model in a direction that not only serves the needs of the company but also the needs of the most vulnerable and poor in the communities,” as outlined by Mr. Christian Jahn, Executive Director, iBAN.

“Recovering from the COVID-19 crisis will require a whole-of-society effort. Working hand in hand with governments and all stakeholders, businesses can contribute to a recovery that is sustainable, resilient and inclusive by embracing business models and taking operational decisions that are in line with international recommendations on responsible business conduct,” as shared Ms. Cristina Tebar Less, Head of Responsible Business Conduct Centre, OECD.

The Summit also introduced the *Guidelines for the Promotion of Inclusive Business in ASEAN* and explored its practical application on a national and regional level. The Guidelines were endorsed by the ASEAN Economic Ministers (AEM) during the 52nd AEM Meeting in August 2020 and serve as a reference on how inclusive businesses can be supported at all levels and the institutional

requirements to do so. The Guidelines were presented by the Chair of the ACCMSME, Mr Bountheung Doungsavanh:

“The inclusive business model compels us to connect the dynamics between the government, private sector and low-income and poor communities, including the micro and small enterprises in achieving national and regional objectives. The Guidelines provide a greater understanding of these dynamics for ASEAN Member States and the region collectively to move on to consider integrating inclusive business in their national and regional policies.”

The Summit was organised virtually and attended by about 153 participants from among government officials, the private sector, NGOs, investors, development organisations and the ASEAN Secretariat. Leveraging the wealth of expertise in the region and beyond, the Summit also explored partnerships in knowledge dissemination, digital platforms, investments and facilitation that enable the growth of inclusive business in ASEAN and their social impact. As business leaders and governments make progress in promoting inclusive business, participants discussed how they can work together to address the challenges posed by COVID-19 and how women, overrepresented among the poor, can be better included in value chains as well as the role of social enterprises contributing to inclusive business models.

This outcome report presents the key highlights and main messages of the Third ASEAN Inclusive Business Summit.

HIGHLIGHTS OF THIRD IB SUMMIT DISCUSSIONS

- ASEAN has made significant progress in advancing the promotion of IB in both national and regional levels. The Guidelines for the Promotion of Inclusive Business in ASEAN was the most recent significant milestone in this effort, providing a common reference point for ASEAN policymakers to further promote the IB agenda.
- There is demand and need for further capacity building and for supporting governments in implementing the regional Guidelines for promoting inclusive business in ASEAN.
- IB stakeholders can work towards disruptive collaboration by exploring new collaborations with new partners towards a common goal. For example, the Guidelines spell out the need to reach out to other pillars and working groups in ASEAN – be it in responding to the pandemic or to widen the impact of inclusive businesses. In this respect, IB champions play a crucial role in identifying the pain points and connecting relevant stakeholders to develop meaningful IB partnerships.
- There is a wide range of goods, services and income opportunities across various sectors provided by IB that are very relevant to support low-income people and marginalised groups, women in particular.
- Each sector presents its own set of needs and challenges, thus, to expand the impact of inclusive business, efforts will be required to improve the regulatory requirements that facilitate IBs in offering their innovative solutions, for example, solutions that are adapted to the new normal.
- Importance of partnerships in IB to strengthen and build the resilience of businesses, particularly the micro and small enterprises, who are heavily impacted by the pandemic.
- Three fundamental ways that IB can contribute to the inclusive and resilient objectives of ASEAN are: i) by catalysing women economic empowerment, ii) by supporting MSME development through integration in their value chains, providing access to market, skills and

finance; and iii) supporting digital transformation and bridging digital divide by introducing digital innovation and thus enabling small economic actors to benefit from digital services and build digital skills.

- Building better ecosystems for IB requires businesses with responsible business conducts to drive better working conditions, integrity, productivity enhancement and environmental management through their supply chains.
- Need to start paying more attention to monitoring and impact measurements to help inform future action

KEY MESSAGES OF THE SUMMIT

1. IB champions play a crucial role to advance IB and draw together meaningful partnerships at both the national and regional levels.

IB was a relatively new concept in ASEAN when it was introduced during the Philippines' chairmanship of ASEAN in 2017. The establishment of IB focal points in ASEAN member states created a pathway for educational and promotional efforts to be implemented and thus, create a better understanding on the IB model and its practical application in national policies and integration into business models. Through better understanding, key stakeholders could be identified to promote closer collaboration and spearhead IB efforts, with the potential to integrate IB policies into national and regional policy frameworks that ultimately create an enabling environment to support the growth and expand the economic and social impacts of inclusive businesses.

Regionally, the ACCMSME has carried the torch of promoting and advancing inclusive business in the region, by including IB as one of its priorities in 2020. The endorsement of the [Guidelines on the Promotion of Inclusive Business in ASEAN](#) was a culmination of ACCMSME's work on IB in 2020, building on inputs and lessons learnt from interactions on IB with various stakeholders since 2018. Greater outreach is also needed to create more IB champions among the business community

2. The Guidelines for the Promotion of Inclusive Business in ASEAN document provides respective ASEAN Member States with a framework on how IB development can be supported at the national level while also taking into consideration socio-economic profiles of AMS.

The Guidelines outline twelve policy instruments for integration of inclusive businesses that the ASEAN Member States and ASEAN policy makers may consider and implement as they see fit. These are:

- i. Strategy and action plan on IB enabling environment
- ii. Institutionalising IB promotion
- iii. IB accreditation and registration
- iv. IB awareness raising
- v. IB coaching for companies
- vi. IB investment incentives
- vii. Reducing impact investment risks
- viii. Promoting IB in public procurement
- ix. Targeting IB in existing private sector and other development programs
- x. Linking IB to the social enterprise and corporate social responsibility agenda
- xi. Monitoring and reporting on IB results
- xii. Creating synergies to promote IB in the ASEAN region and beyond

Several countries provide good practice examples. Cambodia has developed a strategy for an Inclusive Business Enabling Environment for Cambodia (IBeeC) which presents nine key recommendations in implementing IB. The recommendations include approval of a dedicated IB strategy and action plan, creating IB coaching facility for potential and real IB companies, setting up IB risk reduction fund to encourage IB investors and establishing dedicated IB reporting system for monitoring and evaluation. It plans to present an IB Report during Cambodia's ASEAN Chairmanship in 2022 and encouraged other AMS to do the same.

"IBeeC is – I think – a nice term, as it shows the need for working together both public and private, like the bees do to create something bigger where nobody will be left behind."

His Excellency Heng Sokkung, Secretary of State, Ministry of Industry, Science, Technology & Innovation

In Malaysia, IB is integrated into the national strategies in alignment with SME development policies. IB is incorporated in Malaysia's National Entrepreneurship Policy 2030, under the objectives of improving access to finance and financial inclusion for enterprises as well as promoting social entrepreneurship. The IB focal point in Malaysia works closely with various partners in approaching advancing IB in five key areas, including accreditation of IB and delivering IB support and coaching programmes.

Indonesia has several IB models in the wellness tourism industry, some of which are the result of collaboration among various parties and is now compiling a roadmap for promoting IB in the wellness tourism sector. Lao PDR has included IB in the SME Development Plan 2021 – 2025 and expressed interest to develop strategies for promoting an enabling IB environment in Lao PDR. Myanmar has developed an IB strategic development framework, while the Philippines has implemented IB registration system and tax incentives. Viet Nam, led by the Ministry of Planning and Investment is also preparing an action plan to promote inclusive business under the national policies for sustainable development of the private sector, to be considered by its Prime Minister in November 2020.

Given the diversity of socio-economic profiles and entrepreneur characteristics in the region, ASEAN countries are taking various approaches with regard to IB. Brunei Darussalam and Singapore focus their efforts on social enterprises – the former focuses on the development and promotion of NGOs and corporate social responsibility initiatives which have become a prominent feature in tackling the challenges faced by those at the base of the economic pyramid and other social causes, alongside the country's continuous efforts to promote entrepreneurship among the underprivileged and unemployed community. With the rise of social movements in Brunei Darussalam, a working committee has been set up through His Majesty's Foundation to help Brunei's social enterprises tackle unemployment and poverty in the Sultanate by providing training, mentorship and business opportunities. With the introduction of Social Enterprise as a concept, it has become an attractive model for NGOs to transition from charity organisations to revenue-generating and self-sustaining organisations. Singapore is taking a broader approach by defining IBs as companies with strong environmental, social and governance practices, contributing to the SDGs with the potential to generate both social and environmental impact, along with business profits.

There is demand and need for further capacity building and for supporting governments in implementing the regional Guidelines for promoting inclusive business in ASEAN. To be able to better drive the implementation of the Guidelines in ASEAN, AMS suggested, among others, the translation of the guidelines into national languages for wider dissemination among policy makers, businesses and the general public. Moving forward, there should be dedicated efforts to develop more IB

champions and the capacities of IB champions to build strategic partnerships, as well as on monitoring and impact measurement to inform future decisions on IB initiatives.

3. Two approaches to involve MSMEs in the IB model – building the capacities of micro- and small-sized enterprise to be integrated into the value chain of medium and large businesses and building the capacities of socially-inclined small- and medium-sized enterprises to grow into IBs.

- *Supporting IBs to better integrate MSMEs into their value chain, and provide community organising, technical assistance, and aggregation services.*

The capabilities and capacities of micro enterprises need to be enhanced for them to be eligible to participate in the global supply chain. On this note, the ASEAN BAC shared that it plans to partner with the ASEAN Responsible and Inclusive Business Alliance to make full use of the ASEAN Mentors for Entrepreneurship Network in preparing the micro and small enterprises.

Throughout the Summit, through the sharing of CEOs and representatives of inclusive business, it was evident that the micro and small enterprises and smallholder farmers stand to benefit in various aspects, from increased technical capabilities, facilitated access to finance and new markets, and access to materials, among others through the integration in the value chain of inclusive businesses. For example, Covestro, from Thailand, provides innovative solar dryer dome to increase post-harvest yields, increase product price and allow smallholder farmers to access the premium market. Banhji provided digital financial services to small businesses that in turn, helped address information asymmetry among lenders and enhanced access to finance for small businesses. Kennemer Food of the Philippines, provided coaching, mentoring and training as well as access to financial services to cacao farmers.

- *Supporting enterprises to grow and become IBs. Policy makers could have an interest to focus their support on the enterprises that create social impact (for example, social enterprises or MSMEs that promote inclusive approach).*

Many companies applying IB model started small with a social mission, and small businesses need not be big to have social impact. However, there are a few that can grow and be groomed to become IBs. Policymakers should take this into account when developing new policies and tools that are focused on the creation of a social impact or inclusive growth. Many of the traditional businesses including SMEs could become more inclined to apply IB principles or IB models. In order to support MSMEs with the impact focus, policy makers may want to promote development of tools supporting ways to measure their societal impact or by providing support, including customised technical assistance to businesses seeking to transform a business line into an inclusive business line. Policy makers can also get inspiration from the on-line tool The **Better Entrepreneurship Policy Tool**. The tool provides free framework for policymakers and other interested parties for self-assessments about the current inclusive and social entrepreneurship policies. It provides a clear set of definitions policy recommendations to support governments in designing and implementing enabling strategies supporting social entrepreneurship and support youth, women, migrants and the unemployed in business creation and self-employment.

IB training and coaching could be explored to grow and groom IB and potential IBs. The public and private sector could collaborate to develop training and coaching modules going beyond the common business development training modules for traditional businesses. These include social impact assessment and business re-engineering process for IBs to achieve large-scale social impact and achieve high-commercial returns.

4. Close coordination between line ministries and the private sector at the national level are needed for clear sight of challenges, identification of policy gaps and opportunities for IB partnerships and most importantly, allowing timely responses towards the betterment of IB environment

There is a wide range of goods, services and income opportunities in various sectors provided by IB that are very relevant to support low-income people and marginalised groups, women in particular, thus close coordination between stakeholders are key towards establishing meaningful (and disruptive partnerships) to expand the impact of IB to these groups.

Interventions could be sector-specific, as opposed to general policies. As an example, the impact of IB could be expanded by governments' timely response to improve regulatory frameworks, where needed, to encourage and facilitate IBs offering services to underserved communities (e.g. laws that enable telemedicine) and solutions for MSEs to adapt to the new normal (e.g. fintech and recognition of electronic transactions). Strategic consultations among line ministries, local government units, the private sectors and civil society organisations and IB Champions are encouraged to identify and support interventions that foster an enabling framework. On this note, it would be beneficial to bring stakeholder groups on specific value chains to identify common concerns and areas for improvement.

For example, in the agribusiness sector, given the complexity and enormous challenges confronting the smallholders in the value chain, key to a meaningful partnership in the agribusiness sector requires including producers' organisations as part of the partnership, on top of governments and large businesses. Most importantly, for the partnerships to be meaningful, sectoral organisations, in this case, cooperatives and farmers association, need to be innovative and approach lead firms of the value chain with viable business model as a basis of engagement, on top of social motivations.

Indonesia's efforts to promote IB in the wellness tourism is another example of sector-specific approach, developed based on a landscape study of IB in the sector. Its strategies created clear linkage of cooperation to empower micro enterprises by integrating them in their value chains.

"iBAN calls really for disruptive collaboration. Disruptive in a sense that we really go out of our comfort zone. The guidelines on the promotion of inclusive business in ASEAN spell out the need to reach out to other pillars and working groups in ASEAN to spread the word and identify the common goal and work together. The COVID 19 response gives us also the opportunity to work closer together and to enter new collaboration with new partners."

Mr Christian Jahn, Executive Director, iBAN

5. Governments have started to take impact investment seriously as a tool to meet the objectives of the SDGs; however, impact investment policies are still in the early stages.

Governments can play various roles as market facilitator, regulator and participant, in promoting enabling environments for impact investing. As market facilitator, governments are putting in place impact investing policies and strategies such as roadmaps to guide a country's directions on impact investing. The setting up of the SDG Financial Lab in Indonesia was cited as an example. As facilitators, in the case of Malaysia, United Nations ESCAP facilitated the development of the Social Impact Exchange, an online platform linking investors and organisations with social purposes. As market

participants, governments can provide access to capital and provide government-backed guarantees on loans to inclusive and social businesses.

For Mekong Strategic Partners an important avenue for developing a pipeline of investable inclusive and social businesses is educating local banks and local actors on the potential of social and inclusive businesses. In this context, it is worth for impact investors to explore partnerships to train and mobilise local banks to venture into impact investing. Mekong Strategic Partners, through the Cambodian Sustainable Finance Initiative, has been training banks on how to identify, manage and mitigate risks, particularly environmental and social risks.

Inclusive businesses and gender-lens investment can help advance women economic empowerment, which remains important for ASEAN. For example, while governments have put in place various support measures for entrepreneurs, including COVID-19 stimulus packages for SMEs, there is no relaxation of eligibility requirements, and this precludes women entrepreneurs from accessing the support measures. Promoting gender lens investment is one avenue to support inclusive business and women economic empowerment. The Gender Equality Scorecard developed by Small Enterprise Assistance Fund (SEAF) assesses women's economic empowerment and gender equality within investment opportunities and portfolio companies. This measurement mechanism identifies different dimensions of gender equality, including pay equity, workforce participation, leadership and governance, benefits and professional development. Such scorecard, as it helps identify companies that have demonstrated a commitment to gender, assess companies, leverage data and develop best practices, can be useful to promote more gender-lens investment.

Singapore, through its vibrant financial hub, may have a role to position itself as an international/regional financial hub for sustainable businesses. In 2019, Singapore announced the development of a new and comprehensive long-term strategy to make sustainable finance a defining feature of Singapore's role as a global hub for finance. It plans to develop sustainable finance by developing green finance solutions and by leveraging innovation and technology. The strategy includes concrete steps to catalyse green finance in the region, including a focus on Environmental, Social, and Governance (ESG) factors in the financing decision-making process.

6. Digital transformation is a key strategy in supporting businesses to survive the COVID-19 pandemic

The pandemic has accelerated the need for digital transformation among governments and businesses and for adopting digital technologies among communities. To ensure that support measures are accessible by businesses, Viet Nam had simplified the application procedures, and has embedded digital technology in delivering government support. In Myanmar, OnDoctor partnered with private hospitals in Myanmar to deliver healthcare services by connecting patients with medical professionals in the midst of lockdowns. The limitations put in place in response to the pandemic, have provided increased impetus for Governments to embrace digital technologies, and for businesses to use digital channels to continue providing services particularly to the BoP and underserved communities. Inclusive businesses with their innovative capacities can play a role in supporting digital inclusion among the BoPs and micro and small enterprises (MSEs).

7. A common platform for key players in the IB ecosystem such as the Summit is useful in advancing and promoting IB

Businesses applying IB models may not be aware of the IB term, what it entails, the resources and networks available to them. This is particularly true for businesses looking for impact investment to grow their businesses. Further, large IB companies and big corporates with IB models, often work in silos but are key players in the ecosystem given their wealth of resources and experience. Thus, it is important to continue providing a platform for players and stakeholders in the IB ecosystem to interact and actively participate in learning exchanges, sharing of best practices and creating synergistic partnerships with others in the ecosystem. United Nations ESCAP expressed its readiness to continue supporting ASEAN in this effort through the possibility of supporting the organisation of the next ASEAN IB Summit.

“What is needed is a partnership strategy that can maximise access to the resources available from the potential partners we need to have a full portfolio of resources at the disposal of enterprises like Health Ground Philippines so that they, too, can be successful.”

Ms Melanie Moleño, IB Expert, the Philippines

Providing recognition and exposure to inclusive businesses could attract more businesses to do good while achieve commercial returns. Further, being recognised as an inclusive business provides added credibility to businesses, making them more attractive to prospective investors, customers and partners.

The Guidelines on the Promotion of Inclusive Business in ASEAN proposed a set of IB Awards Selection and Nomination Criteria for AMS and ASEAN to evaluate the social impacts of businesses and provide recognition to inspire more businesses to do good while achieving commercial returns. The ASEAN BAC, through its annual ASEAN Business Awards (ABA), will award inclusive businesses in ASEAN as nominated by ASEAN Member States. The ABA 2020 is planned to be held in November 2020.

8. There are vast opportunities for cross-sectoral collaborations at both the national and regional levels in pursuing the inclusive business model as a vehicle to provide economic and social impacts.

At the regional level, inclusive business contributes towards both the visions of the ASEAN Economic Community and ASEAN Socio-Cultural Community through market-driven and innovative solutions in driving economic empowerment and social impacts. Opportunities for collaboration between these two pillars of ASEAN should be explored on the ground especially during the implementation process. The roll-out of the guidelines on promoting IB resonates with and reinforces ongoing initiatives at fostering more robust cross-sectoral and inter-pillar cooperation in ASEAN. IB also ties in with the steps towards a pro-poor, inclusive, gender- and climate-responsive approach to recovery from the pandemic.

Full Summit recording and materials are accessible from the following links:

- Website of the Third ASEAN IB Summit <https://www.aseanibsummit2020.com/>
- Website of UN ESCAP: <https://artnet.unescap.org/sti/events/third-asean-inclusive-business-summit>
