

Enhanced Policy Environment for Inclusive Business in Southeast Asia



Supporting government action to promote inclusive business models



CHALLENGE

To meet the ambitions of the 2030 Agenda for Sustainable Development, the private sector will need to play a greater role in supporting development objectives. Inclusive businesses offer the opportunity to address development challenges and leave no one behind. Inclusive businesses are companies that provide goods, services and livelihoods on a commercially viable basis, either at scale or scalable, to people living at the base of the economic pyramid making them part of the value chain of companies' core business as suppliers, distributors, retailers and customers.

Inclusive business models provide great opportunities to support the achievement of the Sustainable Development Goals. However, businesses may not necessarily build these models due to lack of awareness, constraints in terms of access to finance and knowledge, inadequate business conditions and lack of incentives to make more risky or long-term investments. Hence, it is important to increase awareness, opportunities and conditions for these business models to emerge and develop.

Governments can play a key role in building enabling environments that incentivize and enable firms to develop inclusive business models. However, this is a relatively new and niche concept and governments are not aware of why and how to promote inclusive business.

TOWARDS A SOLUTION

To address the challenge above, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Inclusive Business Action Network (iBAN), with financial support from GIZ, jointly implemented the Enhanced Policy Environment for Inclusive Business in Southeast Asia programme to support ASEAN governments to establish environments that incentivize and enable the private sector to develop inclusive business

PROJECT NAME

Enhanced Policy Environment for Inclusive Business in Southeast Asia

NOMINATED BY

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

COUNTRIES/REGIONS/TERRITORIES

Cambodia, Indonesia, Malaysia, the Philippines, Viet Nam and ASEAN as a whole

SUSTAINABLE DEVELOPMENT GOALS TARGET(S)

1.4, 8.3

SUPPORTED BY

DA11, German Agency for International Cooperation (GIZ)

IMPLEMENTING ENTITIES

ESCAP and the Inclusive Business Action Network (iBAN)

PROJECT STATUS

Completed

PROJECT PERIOD

February 2019 – December 2021

LINK

<https://bit.ly/3C7TUY4>

models. These models aim to provide market opportunities to enterprises, livelihood opportunities to populations and access to affordable essential goods and services for low-income and marginalized groups. Achieving these goals will help governments lift people out of poverty at scale.

Since this is a relatively new area, few countries have policies or programmes to support inclusive business. A key objective of the programme was to generate awareness among government officials and business officials of the opportunities that inclusive business models offer and to convince them that this is an area in which it is worth investing. This required providing not only evidence but also examples of what other governments have done, as policymakers are interested in emulating, or at least exploring, what other countries have done.

The programme worked with five governments in Southeast Asia (Cambodia, Indonesia, Malaysia, the Philippines and Viet Nam) as well as with the ASEAN community as a whole.

The programme was carried out in partnership with the Inclusive Business Action Network (iBAN) and ESCAP, as well as with the ASEAN Secretariat for work at the ASEAN level, and with national government counterparts at the national level. Each agency complemented each other, iBAN provided its knowledge on inclusive business promotion, ASEAN supported the policy discussions and building an ASEAN agenda around inclusive business in ASEAN, ESCAP was the implementing partner and brought its expertise in supporting policy change in the region and intergovernmental discussions.

Policy work at the ASEAN level was led by the ASEAN Secretariat, within the ASEAN Coordinating Committee on Small- and Medium-sized Enterprise Development, with iBAN and ESCAP providing substantive expertise and supporting the work. Opportunities were seized regarding the rotating annual chairmanship of ASEAN. Partners worked closely with the government counterpart holding the ASEAN chairmanship (Thailand in 2019, Viet Nam in 2020, Brunei-Darussalam in 2021) to bring the promotion of inclusive business to the ASEAN agenda and to host the annual ASEAN Inclusive Business Summit. The annual ASEAN Inclusive Business Summits helped build a common understanding among ASEAN stakeholders. The promotion of inclusive business in the ASEAN agenda resulted in a progressive recognition of inclusive business and the endorsement by ASEAN economic ministers of the [Guidelines for the Promotion of Inclusive Business in ASEAN](#).

The programme identified Member States that were already promoting inclusive business, such as the Philippines, and supported sharing their experiences and concepts at the sub-regional level. The inclusive businesses discussions at the ASEAN level encouraged other governments to explore the potential of promoting inclusive business (e.g., conduct national landscape studies) in their own countries. The learnings from these landscape studies as well as an ASEAN study was fed back into regional discussions and generated support for the endorsement of the regional Guidelines for the Promotion of Inclusive Business in ASEAN.

These guidelines provided a strong policy reference for government officials seeking to promote inclusive business in their countries.

The programme saw impressive results in terms of policy change, even within a limited time frame of three years. While at the start of the programme only the Philippines had a programme to support inclusive business, now Cambodia has a strategy to promote inclusive business and the Prime Minister of Viet Nam has adopted the 2022-2025 Programme on Support for Private Enterprises in Sustainable Business. In 2022, Malaysia is implementing a number of activities to promote inclusive business and is seeking to expand activities further in 2023.

That governments have adopted policies and programmes is a critical means to support the sustainability of the programme. In addition, work was done to generate awareness among other institutions and engage them in the process, particularly the private sector, including the ASEAN Business Advisory Council, but also civil society organizations and academia.

To support the systemic, cross-country transfer of good practices and knowledge and further encourage sustainability, the programme was complemented with a training programme, led by iBAN, on inclusive business promotion for government officials and business representatives from each of the 10 ASEAN countries

Knowledge products were produced during the programme (three national landscape studies (Cambodia, Malaysia and Viet Nam), two shorter studies (Indonesia and Philippines), a regional study and the report *Frontiers of Inclusive Innovation: Formulating technology and innovation policies that leave no one behind*. These knowledge products provide valuable information that allows for cross-country learning and insightful reflections on how to promote inclusive business.

Overall, this is an excellent practice that can be translated to other contexts where there is a well-established sub-regional group, creating opportunities to discuss inclusive business policies and practices within the agenda of the sub-regional group and build strong partnerships among members

CONTACT INFORMATION

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