

# Consultative Dialogue to Promote Inclusive Business in Viet Nam

## *Public Sector Session*

---

Hanoi, 19 May 2022



BỘ KẾ HOẠCH VÀ ĐẦU TƯ  
CỤC PHÁT TRIỂN DOANH NGHIỆP

BILL & MELINDA  
GATES *foundation*



# Inclusive business models in agriculture & food systems

## ■ Viet Nam

Various tea and herbs companies create higher income for **low-income farmers** through substantial value addition

## ■ Thailand

Firm engages +3,000 **small hold farmers** to produce organic jasmine rice, chicken eggs & coconut water sharing the premium afforded to organic produce with the farmers

## ■ Lao PDR

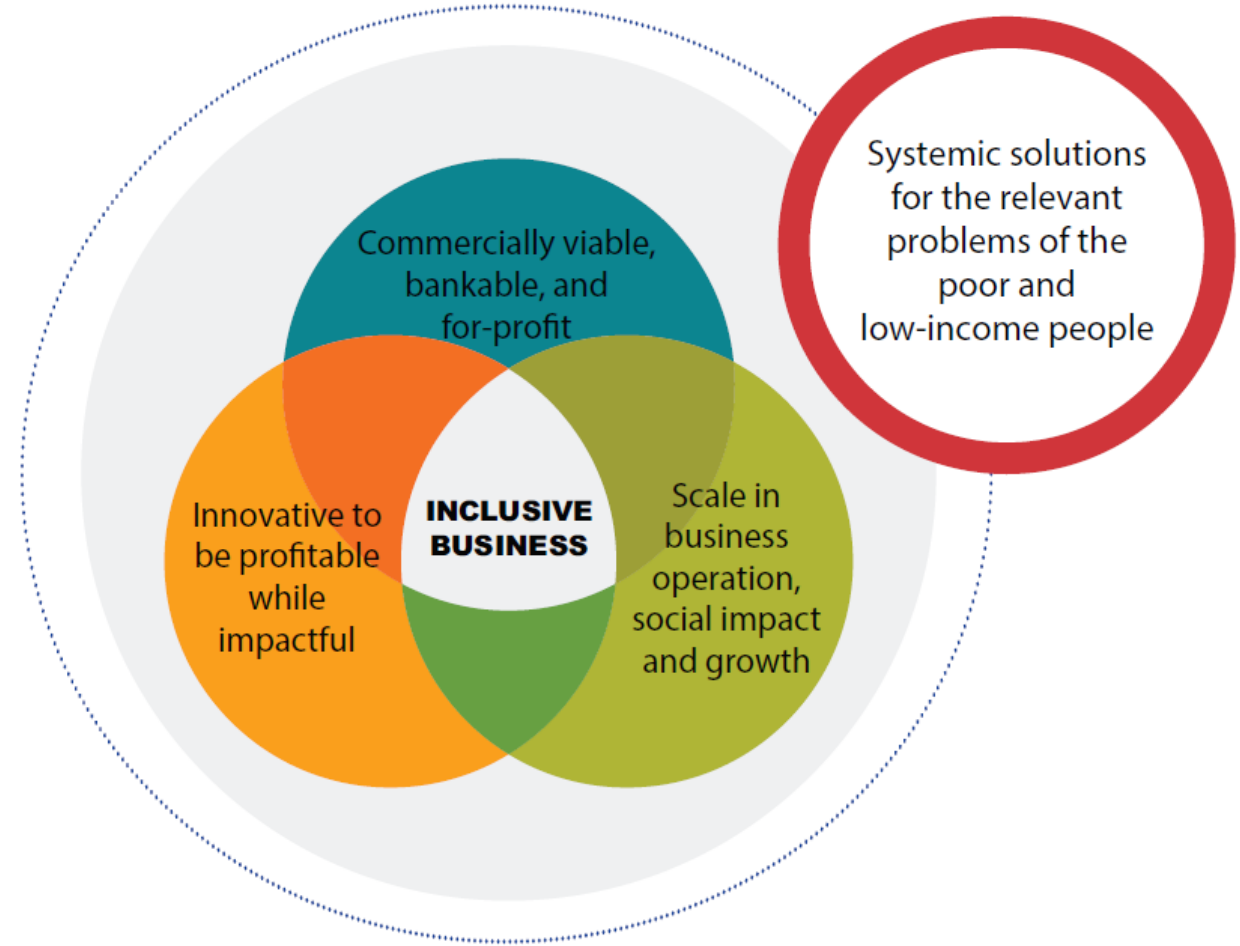
Agribusiness firm **increases farmers' income six-fold** & creates opportunities for local communities thru the citrus supply chain

## ■ Myanmar

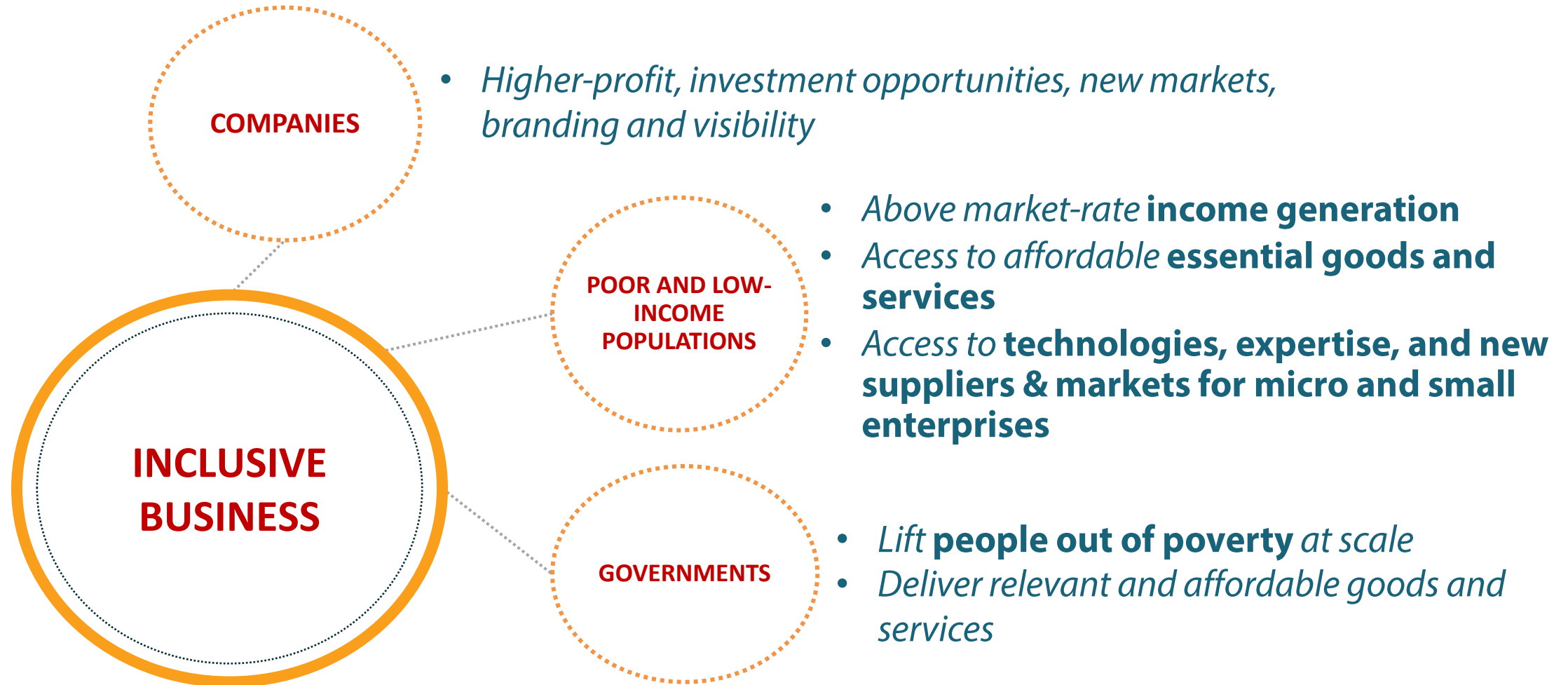
Agribusiness firm **engages the poor as shareholders**. Leases their land to use it in a more commercial way without buying it

# Inclusive business

*Inclusive businesses 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, or customers*



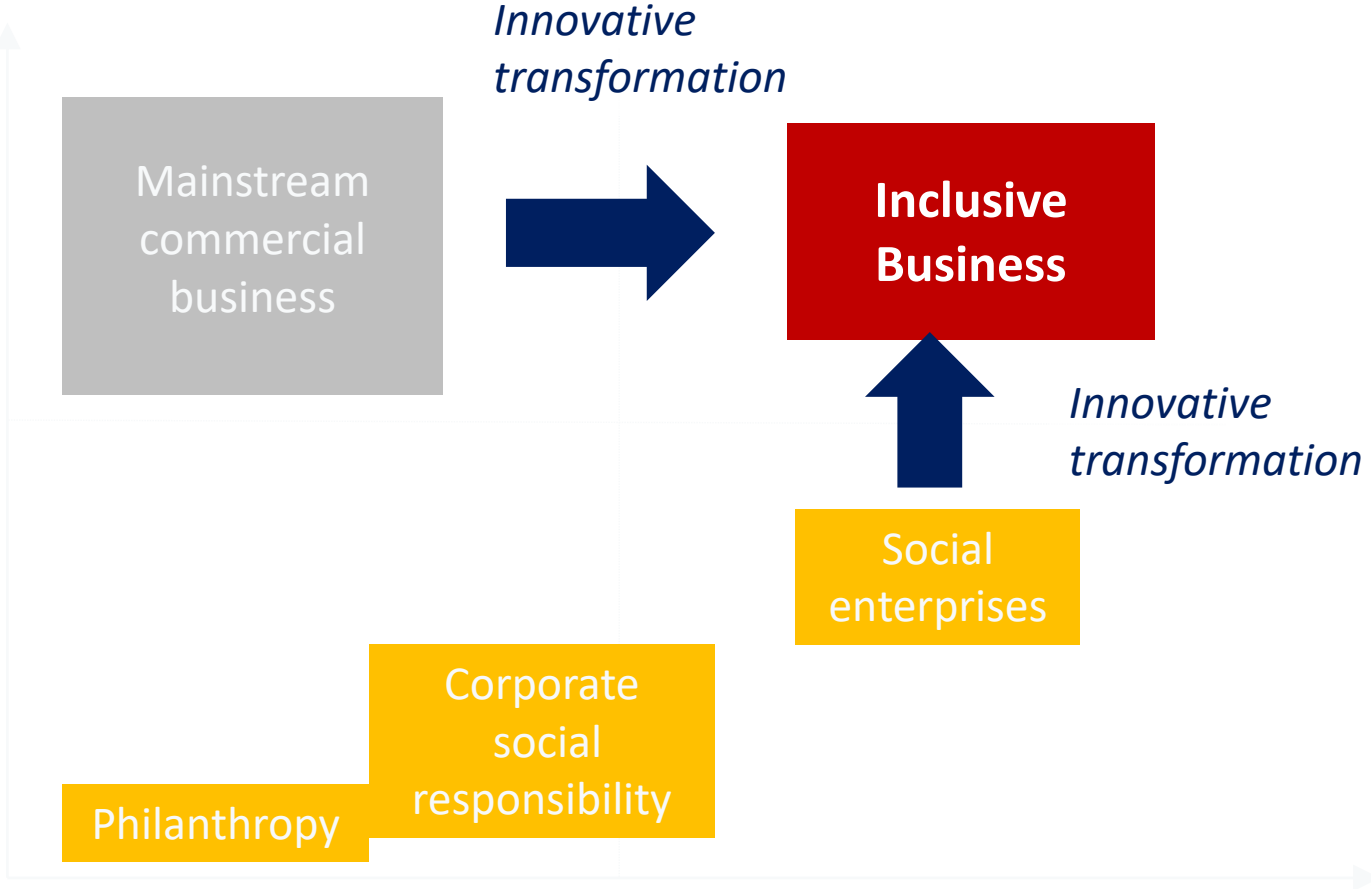
# Why promote INCLUSIVE BUSINESS?



# Inclusive Business models

Can be built through innovative transformation

Financial returns  
(for shareholder)



## IB is about:

- Structural transformation and Innovation to reduce business risk and enhance social impact
- Impact at scale

Systemic social impact  
(for poor & low-income people)



Examples of business models	Agribusiness input company	Online market place
Commercial viability		
<ul style="list-style-type: none"> <li>- <b>The company</b></li> <li>- <b>The business line</b></li> </ul> <p>[Note: ESG/Responsible business vs. IB]</p>	<ul style="list-style-type: none"> <li>• Consolidated firm</li> <li>• Clear product line designed for small holders (micro-irrigation)</li> </ul>	<ul style="list-style-type: none"> <li>• Yet to breakeven</li> <li>• No clear product line for smallholder</li> </ul>
Social impact		
<ul style="list-style-type: none"> <li>• <b>Reach</b> (number, targeting, women)</li> <li>• <b>Depth of impact</b> <ul style="list-style-type: none"> <li>• Relevance, affordability of services</li> </ul> </li> <li>• <b>Systemic change</b> (geographic, sector, gender, poverty)</li> </ul>	<ul style="list-style-type: none"> <li>• Working with marginalised</li> <li>• Relevant product</li> <li>• Provides access to finance</li> <li>• Provides training on agricultural good practices</li> <li>• Measurable results: annual yield increases between 60%–130%, income increases between \$500-\$6,000 for farmers</li> <li>• No information on gender impact</li> </ul>	<ul style="list-style-type: none"> <li>• +1 million smallholders</li> <li>• Provides access to quality product (not more affordable).</li> <li>• Provides relevant (independent, timely, easy access) advice to farmers, but not holistic</li> <li>• Potential to have large reach</li> </ul>
Innovation for the BoP		
<ul style="list-style-type: none"> <li>• <b>Innovations</b> (business, technological, environmental, social) <b>for low-income</b></li> </ul>	<ul style="list-style-type: none"> <li>• Facilitates access to finance &amp; training</li> <li>• Equipment designed for smallholders</li> </ul>	<ul style="list-style-type: none"> <li>• Not particular innovation for BoP</li> </ul>

Inclusive business model



Not yet inclusive

Potential to develop a more inclusive model



# Promoting Inclusive Business - ASEAN

## ■ National level - Research and policy advice

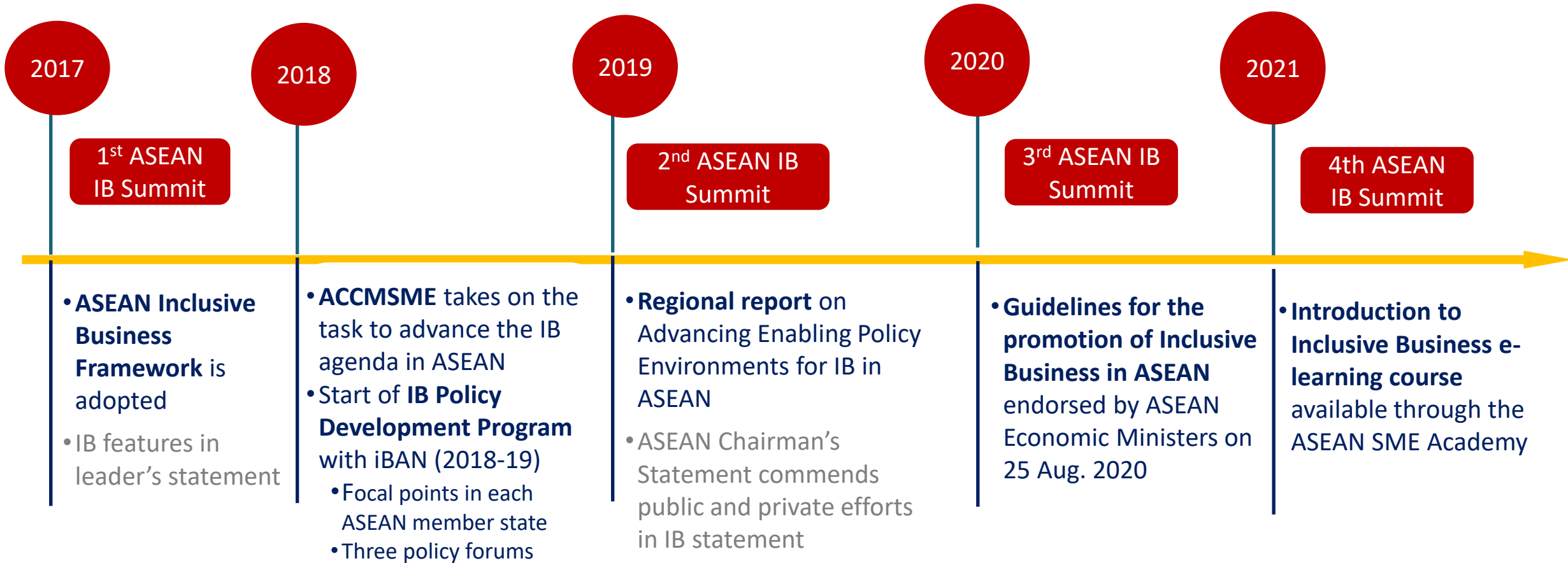
- Cambodia
- Viet Nam
- Malaysia
- Indonesia
- The Philippines

## ■ Regional level

- **ASEAN Inclusive Business Summits** (Thailand 2019, Viet Nam 2020, Brunei Darussalam 2021)
- **Guidelines for the Promotion of Inclusive Business in ASEAN** (endorsed by ASEAN Economic Ministers and the first region in the world to adopt such guidelines)



# Inclusive business in ASEAN – A shared agenda





# Promoting inclusive businesses

**12 policy instruments** – Regional guidelines for promoting IB in ASEAN

1. **IB Strategy and action plan**
2. **Institutionalization of IB promotion:** IB focal points (govt agencies & biz assoc.)  
Steering Committee
3. **Accreditation:** to recognize IB and enhance participation of companies and monitor social impact
4. **Awareness:** through workshops, publications, websites and IB awards
5. **IB coaching:** dedicated facility to support IBs through business coaching
6. **Investment incentives:** to stimulate the adoption & growth of IB models

...



# Promoting inclusive businesses

**12 policy instruments** – Regional guidelines for promoting IB in ASEAN

*(cont.)*

7. **Reducing impact investment risks:** to stimulate the adoption & growth of IB models
8. **Promoting IB in public procurement:** pro-poor targets in government contracts
9. **Target IB in sector and SME programs**
10. **Linking to social enterprise and corporate social responsibility programmes**
11. **Monitoring and report on impact**
12. **Create synergies at regional level**



# IB in ASEAN – Policy development at national level

**Philippines:** IB registration and tax incentives implemented

---

**Viet Nam:**

- Landscape study conducted
- Prime Minister adopts the 2022-2025 Program on Support for private Enterprises in Sustainable Business

**Malaysia:** IB included in the National Entrepreneurship Policy 2030. Landscape study conducted

---

**Indonesia:** Market scoping study developed. Study on IB in wellness tourism

---



**Cambodia:**

- SME Development Policy refers to IB.
  - National Policy on Science, Technology and Innovation 2020-2030 identifies IB and SE.
  - IB Enabling Environment for Cambodia (IBeeC) Strategy adopted
  - 2<sup>nd</sup> round of accreditation of companies
- 

**Myanmar:** Strategic Framework developed

---

# Landscape Study – Examples



**Products:** Herbal Medicine

**Location:** Lao Cai Province

**IB Model -> Supply focused:** Traphaco Sapa specializes in the production of herbal medicine. They provide inputs (seeds), advisory services and training (farming techniques), and purchase produce at 30% above market price

**Commercial Performance:** Revenue \$ 2.2 USD million (2018) with a 7% profit margin

**Social impact -> income generation:** The company works with 300 households and expects to work with 500 households by 2023. They have a focus on ethnic minorities and women

**Innovation:** They plant high value indigenous plants, maintain good relationships with local stakeholders, diversify production into functional foods and established a media center

## BioKing

**Products:** Micro-biology products and solutions

**Location:** Mekong Delta

**IB Model -> Consumer focused:** the company introduced micro-biology products and solutions used to increase productivity in biological and organic agriculture at favourable prices

**Commercial Performance:** Revenue \$ 0.4 – 0.5 USD million (2018) with a 20% profit margin

**Social impact -> income generation:** BioKing's products reached about 20,000 farming households and expects to reach 39,000 by 2025

**Innovation:** distribution system of 500 agencies nationwide, trained directly by and working closely with BioKing. Most are managed by women and/or low-income people. They have a strong focus on R&D and highly skilled team.

# The IB Landscape in Viet Nam

*May 2019 - Agency for Enterprise Development, Ministry of Planning and Investment conducts a landscape study of inclusive business with the support of ESCAP and iBAN.*



- Most IB models are in agribusiness
- By impact area, most IB models benefit the BoP through income generation activities
- Most IB models involve the poor and low-income men and women as suppliers
- Almost all models qualify as IB model
- Most IB models created social impact in northern Viet Nam, four in the South, three in central Viet Nam
- In 2018, IB companies and lines were mostly medium and large in size (revenues between VND 20 billion - 50 billion and above )

# Landscape Study – Findings and Impact

- IB companies assessed expect a 65% increase in revenue from 2018 to 2023. This is substantially higher than what is expected by non IB companies interviewed (38%)
- 13 agribusiness IB have offered income opportunities to 1.8 million men and women, and this is expected to increase to 2.5 million by 2023



**Inclusive business has larger and deeper social impact than mainstream businesses, and are more profitable and innovative than mainstream business**

# Landscape Study – Policy Recommendations

1. Indicating a **strategic commitment** to IB by including it in the 2020-2025 implementation plan of the Sustainable Private Sector Development (SPSD) Strategy (amongst others such as SME and agribusiness)
2. **Institutionalizing support** for IB by establishing a National IB Advisory Board (steering committee), an IB unit in AED and IB focal points (govt agencies & biz assoc.)
3. **Promoting Awareness** through business associations
4. **Launching an IB accreditation** to recognize IB and enhance participation of companies and monitor social impact (prioritize accredited IB)
5. **Provide IB coaching** to support companies upgrade their models
6. **Establish an IB risk – reduction fund** to facilitate financing (explore other incentives)
7. **Promote IB** in the 2020 ASEAN Agenda chaired by Viet Nam
8. Take forward **further analysis** and establish a coherent impact **monitoring and reporting system**



# Regional Inclusive Business Models in Agriculture and Food Systems

BILL & MELINDA  
GATES *foundation*



▶ **3 years**

▶ **Five pathways**

1. Building capacity of firms
2. Policy support
3. Facilitation and partnerships
4. Evidence generation
5. Knowledge transfer

▶ **Focus on 3 countries, regional learning**



# ESCAP'S support

## BUILDING IB MODELS

Build the capacity of firms to develop IB models through

- IB Awareness
- IB Training
- IB coaching (10 firms per country)

## POLICY ADVICE

Advice government officials (through research, advice and facilitation) on instruments to promote inclusive business

For example:

- Assess landscape of IB in the country
- Advice on IB accreditation, IB awards, IB facilitation, tax incentives
- Facilitate dialogue with firms

## FACILITATION

Sponsoring dialogues among key stakeholders (gov't agencies, businesses, investors) to identify actions to promote IB.

- Government-business dialogues
- A national IB investment forum

## EVIDENCE

Provide evidence on inclusive business models & its impact, & guidance on their promotion.

## KNOWLEDGE

Facilitate exchange of knowledge on IB models and IB promotion.

- A regional IB investment forum
- A regional IB community of practice
- 2 regional IB promotion forums

**Thank you**



# Further references



## National landscape studies

- [Landscape study of inclusive business in Cambodia](#)
- [Landscape study of inclusive business in Viet Nam](#)
- [Roadmap for promoting Inclusive Business in Wellness Tourism in Indonesia](#)



## Policies

**Viet Nam** – The 2022-2025 Program on Support for Private Enterprises in Sustainable Business  
**ASEAN** - [Guidelines for the Promotion of Inclusive Business in ASEAN](#)



## Training

**iBAN Introduction to Inclusive Business** <https://www.inclusivebusiness.net/IB-training/online-course/introduction-inclusive-business>

## General information on inclusive business

[Short video of inclusive businesses in Viet Nam](#) by ESCAP and AED

**ARTNET on STI Policy platform** <https://artnet.unescap.org/sti/policy/inclusive-business>

**iBAN** <https://www.inclusivebusiness.net/>

**ENDEVA** <https://endeva.org/>

**GrowAsia** <https://www.growasia.org/>