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Work of the secretariat and associated results and future focus pertaining to trade and investment under the subprogramme on trade, investment and innovation: work of the secretariat and associated results and priorities pertaining to trade and investment under the subprogramme

Outcome of the Asia-Pacific Business Forum 2019**

Summary

The fifteenth Asia-Pacific Business Forum was held in Port Moresby on 20 and 21 June 2019. It was organized in collaboration with the Government of Papua New Guinea. The theme of the Forum was “Global goals, local opportunities: inclusive and sustainable development for the non-urban Asia-Pacific”. Under this theme, participants discussed the role and responsibilities of business in sustainable development in key Sustainable Development Goal sectors such as climate and disaster resilience, infrastructure and connectivity, inclusive business, green finance, financial inclusion, and renewable energy. The present document contains the report of the Forum as prepared by the secretariat after review by the moderators of all sessions.

Summary recommendations

The theme of the Asia-Pacific Business Forum (APBF) 2019 was “Global Goals, Local Opportunities: Inclusive and Sustainable Development for the Non-Urban Asia-Pacific”. Under this theme, participants discussed the role and responsibilities of business in sustainable development in key Sustainable Development Goal (SDG) sectors such as climate and disaster resilience, infrastructure and connectivity, inclusive business, green finance, financial inclusion, and renewable energy. Emphasis was also placed on discussing the role of small and medium-sized enterprises (SMEs) in each of these sectors in two dedicated SME sessions on value chain integration in Pacific relevant industries such as agriculture, fisheries and tourism. In each of the sessions, innovative sustainable solutions business can offer to meet the 2030 Agenda for Sustainable Development were showcased, along with the challenges they encounter in realizing these solutions.

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** The present document is being issued without formal editing.

Some of the most important observations and messages emanating out of the Forum with high relevance for policymakers in Asia and the Pacific include:

- I. Enterprise and institutional capacity building are required to help build SME resilience to disasters and to better engage them in climate change mitigation and adaptation.
- II. National frameworks for disaster risk reduction must be led by governments. However, it is critical to engage private sector businesses in these efforts so that they can provide sector-specific knowledge to inform these frameworks. It is also essential that corporate continuity plans be linked to national disaster risk reduction strategies.
- III. Rapid economic and population growth leading to rising urbanization requires massive investments in infrastructure that promote connectivity while ensuring sustainability. In the Pacific, connectivity infrastructure is heavily underfunded while sustainability has emerged as a major game changer. The Pacific serves an important strategic role in connecting Asia and the world from East to West and North to South. However, there is an urgent need to develop ports and other maritime and information and communications technology (ICT) related infrastructure in the Pacific as well as infrastructure that would also help them cope better with disasters.
- IV. Digital connectivity can be a major game changer in developing countries of the Asia-Pacific region. E-commerce and e-payments have enabled poor people to circumvent traditional modes of trade with financial institutions, while digital connectivity can also help connect remote communities with the rest of the world. However, it is critical that governments keep pace with fast development of digital technologies and provide the necessary regulation and policy frameworks to make these technologies work effectively for sustainable development.
- V. Establishing and, more importantly, sustaining inclusive business requires partnerships that share a long-term vision of supporting social development while recognizing the business as a profit-maximizing entity. Such partnerships are largely based on trust and must seek to achieve social returns in the long-term rather than economic returns in the short-term.
- VI. While inclusive business is a market-based activity, governments can play a critical role in supporting inclusive business through different means such as: generating awareness on inclusive business and its business case, recognizing inclusive business through awards or accreditation, providing tax incentives, or facilitating skills development and coaching for developing inclusive business models.
- VII. Governments need to back economic support programmes to incentivize commercial enterprises to establish or expand operations in rural areas to promote income generation for rural communities and develop renewable energy sources, especially in the Pacific. Training requirements for utilities and power plant operators need to be updated in line with shifting energy models. Current capacities in developing countries to enable the smooth operation and maintenance of high-tech solar power plants for renewables need to be developed.
- VIII. SMEs are helping address energy challenges in the Pacific while also providing local employment. However, they are facing challenges in terms of lack of affordable financing and communication infrastructure. The private sector,

including SMEs, can provide technical support and contribute to the needed capacities in the energy sector. However, tariff reforms are needed to attract private sector investment and regulators should take further steps to instil confidence in the market.

- IX. Challenges for SMEs are also opportunities for partnerships that provide solutions. Lack of access to capital and quality infrastructure and logistics, incidence of crop diseases, and absence of security and extension services are main constraints for small-scale farmers in the Pacific. It is important to identify best practices and success factors and apply them more broadly. The fragmentation and small scale of farms makes it difficult to use more modern technologies and equipment and for farmers to access loans. Therefore, organizing farmers in cooperatives may be a way out though capacity constraints remain an issue. However, governments need to implement effective policies to support the development of cooperatives, particularly in rural areas.
- X. Fintech and blockchain can help farmers mobilize finance and undertake payment transactions while blockchain can also help as records can be used to improve SMEs' access to credit by serving as a tool to assess creditworthiness.
- XI. Women entrepreneurs play an important role in agri-business but often lack financial and digital literacy and the capacity to exploit market opportunities through product improvement. Furthermore, a commercial approach to help rural women produce and sell quality products may be more practical in specific commodities through funding and technical assistance where women help women.
- XII. To help SMEs, policymakers need to develop policies to lower the costs of cross-border transfers and enable digital private payments. In the Pacific, it would be particularly important to develop a nation-wide (or region-wide) information databases to inform MSMEs and people of the most effective way to transfer money across borders. Of course, this would have to be maintained and updated constantly by an expert who is aware of what is happening globally and regionally.
- XIII. Countries need to assess the potential of their tourism destinations before promoting them. Digital technologies, including blockchain and soft skills can help promote tourism and help SMEs enter the tourism industry. Social media can also be used as a tool to promote tourism destinations, increasing people's awareness of those destinations and also informing them of any requirements needed for travelling to them. However, there is a strong imperative for ensuring that tourism is sustainable and leads to sustainable development, preserving both the natural and cultural heritage of countries.

I. Organization of the Forum

1. The fifteenth Asia-Pacific Business Forum (hereafter called the Forum) was held in Port Moresby, Papua New Guinea (PNG) on 20 and 21 June 2019. The Forum was attended by more than 300 participants from government, business, civil society, academia and others. The programme of the Forum is attached in the annex to the present document.

2. The Forum was organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in close collaboration with Department of Commerce of Papua New Guinea and with the support of the Investment Promotion Authority and Business Council of Papua New Guinea. The ESCAP Sustainable Business Network (ESBN), and in particular the ESBN Chair of the Forum and Vice President of the ESBN Executive Council,

Mr. David Morris, provided substantive support in the form of speakers and participants.

3. A gala reception and cultural show were hosted by the Investment Promotion Authority of Papua New Guinea on 20 June 2019 at Airways Hotel. Inaugural speeches at the gala were delivered by the Governor of Port Moresby, H.E. Mr. Powes Parkop and Mr. David Morris, ESNB Chair of the Forum.

4. At the official opening of APBF on 21 June 2019, welcome speeches were delivered by Mr. George Lam, President, ESNB Executive Council and Chairman, Hong Kong Cyberport Management Company; Ms. Armida Salsiah Alisjahbana, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP; and H.E. Mr. James Marape, Prime Minister of Papua New Guinea. Three keynote speeches were delivered by Ms. Shasha Ridzam, Group Head, International Policies and Institutions, Air Asia; Mr. Yanning Wang, Assistant Corporate Secretary, Asia Infrastructure Investment Bank; and Mr. Shaun Gilchrist, CEO Azure Water & President Vanuatu Chamber of Commerce.

5. The overarching theme of the Forum, “Global Goals, Local Opportunities: Inclusive and Sustainable Development for the Non-Urban Asia-Pacific” along with a particular focus on the role of SMEs in sustainable development framed the discussions of each of the seven panel sessions. The panel sessions held discussions on the following themes: climate change and disaster for SMEs; infrastructure and connectivity game changers for the non-urban Asia-Pacific; inclusive business; emerging opportunities in resources and energy; and SME value chain integration in the agriculture, fisheries and tourism industries.

6. Ms. Mia Mikic, Director, Trade, Investment and Innovation Division, ESCAP, delivered the closing remarks at the Forum.

7. Two information sessions were held during the lunch: “PNG SDG Compass” hosted by the Business Council of PNG and “Trade and Investment Facilitation in PNG” with focus on promoting e-commerce hosted by the World Economic Forum.

8. Three pre-Forum events were organized: (a) ESNB Digital Economy Task Force Meeting on 20 June (AM); (b) Seventh Session of ESNB on 20 June (PM); (c) Pacific Subregional Workshop on Evidence-based Policies for the Sustainable Use of Energy Resources in Asia and the Pacific organized by the ESCAP Energy Division on 20 June (all day).

II. Conclusions, recommendations and outcomes of the substantive deliberations

A. Opening session

9. Welcome statement by Mr. George Lam, President, ESNB Executive Council and Chairman, Hong Kong Cyberport Management Company

Mr. Lam welcomed all participants to the Forum and thanked the organizers, sponsors and Government of PNG for the excellent arrangements and hospitality offered. He emphasized that achieving the SDGs by 2030 required engagement of the business sector, and for that purpose ESCAP established ESNB. He then underscored that the Forum was ESCAP’s key platform for engaging business in the Asia-Pacific region and beyond because it

brought together business leaders, governments and civil society. He concluded by noting that this was the first time the Forum was organized in the Pacific, and that the theme of promoting inclusive and sustainable development for the non-urban Asia-Pacific was particularly relevant to the Pacific.

10. Opening address by Ms. Armida Salsiah Alisjahbana, Under-Secretary-General of the United Nations and Executive Secretary of the Economic and Social Commission for Asia and the Pacific

In her opening address, Ms. Armida Salsiah Alisjahbana thanked all the organizers of the Forum, in particular those from the host country, PNG. She underscored that forward-thinking business solutions were critical to address the scale and complexity of the sustainability challenges faced by Asia and the Pacific, and especially the non-urban communities of the region. She pointed out that there were a number of cases of unprecedented and promising leadership and innovation by business for sustainable development. As an example, she pointed out the wave of recent private sector initiatives to reduce single-use plastic pollution. She emphasized that innovative business solutions to sustainable development were nowhere more relevant than in the Pacific, a subregion that faced unique development challenges such as small populations dispersed over vast areas, remoteness from major markets, limited export bases and extreme exposure to global environmental challenges, not in the least the effects of climate change. She concluded by elaborating on four areas she hoped the Forum would focus on during the deliberations: enhancing connectivity for shared prosperity through investments in transport and ICT infrastructure and reducing trade costs and tariffs; strengthening support for SMEs by addressing systemic constraints and improving operating conditions which were currently holding them back; fostering the economic empowerment of women as owners and managers of SMEs; developing solutions from and for business to climate change. In outlining these four areas, she also highlighted ESCAP's work on SMEs and women's economic empowerment. To this end, she noted ESCAP's SME Policy Guidebook which was currently being revised as well as capacity building projects undertaken by the ESCAP secretariat for integrating SMEs into global value chains in various countries, including in the Pacific. She also noted a Canada-funded project implemented by ESCAP to help catalyze women's entrepreneurship in various countries of the Pacific through digital solutions.

11. Welcome address by H.E. James Marape, Prime Minister of Papua New Guinea

H.E. Prime Minister Marape welcomed all participants to Papua New Guinea and informed them that PNG had been a constitutional democracy since 1975 and that he is the 7th Prime Minister. He underlined that PNG was an exciting place for business and that while the country faced many economic and social challenges, including the need for strengthened governance, business could nonetheless count on the protection of national courts. He highlighted the recent establishment of a new tax-free zone for business. He then pointed out that PNG had a rich cultural diversity, fauna and flora with great biodiversity and a lot of fertile land and rain forests, and that it was critical to preserve this rich natural and cultural heritage through the sustainable harvesting of natural resources. He then noted the importance of protecting the oceans and the need to forge better trade and investment links with Asia and emphasized that the Forum would contribute to enhancing these links. The Prime Minister highlighted that current national development plans in PNG emphasized sustainability, especially with regard to the need to make extractive, forestry and marine resources related industries more sustainable. He then underlined the importance of SME development and noted that the country must better empower business men and women through strengthening SME support in

agriculture, tourism and forest/marine resources and processing industries. He noted that PNG was open to any private sector business from abroad and that incentives would be given through tax concessions in priority areas. The Prime Minister concluded by noting that PNG supported ESCAP goals and looked forward to hosting another Forum in 6 to 10 years when the country would have hopefully transformed and have much greater capacity in ICT and Internet-based business.

12. Keynote speech by Ms. Shasha Ridzam, Group Head, International Policies and Institutions, Air Asia

Ms. Ridzam noted that Air Asia had focused on enhancing connectivity, inclusivity and growth in the Asia and the Pacific through opening up air travel to the population at large. In particular, Air Asia had focused on exploiting a niche market with great potential in the Association of Southeast Asian Nations (ASEAN). The company connected all of ASEAN through 23 hubs with additional destinations in Asia beyond ASEAN and the rest of the world. She noted that Air Asia believed in nurturing the best from within: there were no trade disputes, no hierarchy, no unions and it was open and transparent about ensuring that equal opportunities were provided in the boardroom and that there was large participation of women at all levels in the company, particularly as pilots, engineers and managers. Air Asia was mindful of the need to mitigate risks the company created through education on responsible travel. To this end, Air Asia focused on promoting itself as a sustainable brand emphasizing sustainable tourism and promoting social enterprises in tourism in ASEAN. Air Asia was also mapping initiatives in support of various SDGs. Ms. Ridzam concluded by noting that Air Asia was now also a tech company owning big data from passengers. Data is being used to improve operational efficiency, improve and diversify the revenue base, and improve cargo business and customer experience.

13. Keynote speech by Mr. Yanning Wang, Assistant Corporate Secretary, Asian Infrastructure Investment Bank

Mr. Wang noted the close relations between the United Nations and the Asian Infrastructure Investment Bank (AIIB) and pointed out that the AIIB was now an observer at the United Nations General Assembly. He then observed that growth in Asia brought infrastructural challenges: cities were a good example of this - with rapidly growing populations in cities urban infrastructure would have to be developed. He pointed out that economies were not spending enough on infrastructure to sustain the rapidly changing economic transformations that were occurring and, as a result, there were massive spending gaps. While public spending provided the bulk of financing, private sector investment was also required. AIIB was set up to address the spending gap and mobilize private sector capital for infrastructure investment presenting infrastructure as an asset class. He concluded by underscoring that meeting the infrastructure needs of the Asia-Pacific region required close cooperation among multilateral development banks and that there was huge potential for public-private partnerships in the financing of infrastructure.

14. Keynote speech by Mr. Shaun Gilchrist, President, Vanuatu Chamber of Commerce and Chief Executive Officer, Azure Water

Mr. Gilchrist underscored that traditional industries must adapt to a changing world. In particular, he noted that climate change posed a major challenge and risk for SMEs and that it was critical for SMEs to enhance their resilience to disasters and climate change. While the cost of doing so may be high, the private sector may be able to help contribute to filling the spending gap.

He underscored that private sector engagement in disaster risk reduction was essential. However, Pacific governments needed proper understanding of the role the private sector can play in disaster risk reduction and provide a better enabling environment for the private sector to get involved. Governments and needed to pursue public-private-partnerships to enhance climate resilience. He emphasized the importance of using in-country talent noting that most Pacific countries had in-country expertise that could be used while preventing the use of international experts who often were not familiar with the Pacific subregion and were unable to provide appropriate tangible solutions. He concluded by emphasizing that the Pacific subregion needed to be more pro-active and take action in sustainable development, especially with regard to engaging the private sector.

B. Plenary session 1: Climate and disaster resilience for small and medium-sized enterprises mitigating and adapting to ensure sustainable development in Asia and the Pacific

15. This session was moderated by Mr. Zarak Khan, Director of Programmes and Initiatives, Pacific Islands Forum. The panelists were: Mr. Alexander Welzl, Pacific Plastic Marine Litter project, Austrian High-Level Expert Group on Plastic Marine Litter; Mr. Graham Sem, Professor of Environmental Science and Geography, University of Papua New Guinea; Mr. Sosefo Tofu, Energy Planner, Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communication, Tonga; and Mr. Corey Huber, Executive Member of the Vanuatu Business Resilience Council, Vanuatu.

16. The session addressed how SMEs were particularly vulnerable to the effects of climate change – from rising sea levels and extreme weather events to prolonged severe droughts and flooding. Yet, while both natural and human-made hazards caused considerable disruptions for their business, SMEs awareness of and preparedness for disasters was low. Best practice case examples from the Pacific on adaptable strategies for improving SMEs climate and disaster resilience were discussed along with how to better engage governments and the private sector in disaster risk reduction.

17. The main observations, conclusions, recommendations and outcomes of this session were as follows:

- The Pacific region has already incurred major damage as a result of disasters which were mainly caused by climate change. The main challenge for SMEs is how to respond to disasters, adapt to climate change and improve resilience. Most businesses do not have business continuity plans. Therefore, both enterprise and institutional capacity building is required in mitigation of and adaptation to climate change.
- It is important to introduce climate certification schemes which enable business to certify their products as climate-friendly and conform to minimum standards of trade which are often found in trade agreements such as PACER+ and others.
- National frameworks for disaster risk reduction must be led by governments. However, it is critical to engage private sector businesses so that they can provide sector-specific knowledge to inform these frameworks. Moreover, it is essential that governments consistently engage the private sector on these topics, rather than just on an ad-hoc basis. Furthermore, corporate continuity plans must be linked to national disaster risk reduction strategies.

- The small size and remoteness of many islands in the Pacific makes it difficult to reach many small enterprises operating in isolated areas, especially when providing assistance in the wake of disasters.
- NGOs play an important role in providing assistance for climate adaptation.
- Private sector companies, in particular multinational corporations (MNCs), could help in disaster risk reduction and also in providing post-disaster assistance. There are various examples of such assistance, including the assistance and relief and recovery support provided by Oil Search in the wake of the 2018 earthquake and aftershocks in PNG. However, companies also need to engage local communities in their assistance efforts and continuity plans.
- Plastic marine litter is a major problem and needs to be addressed through integrated marine strategies and satellite-collected data to restore healthy oceans. One example to address this problem is the Plastic Marine Litter Project that builds a bridge between the Pacific island States and countries bordering the Mediterranean to promote mutual learning and joint projects. However, the issue is not only about collecting plastic waste but also how to dispose or recycle it and improve the circular economy which requires a change of life style.
- While there are many funds and facilities to address climate change, a number of outstanding roadblocks remain with regard to accessing and absorbing these funds, in particular in those places where the demand is highest. Furthermore, significant attention also needs to be paid towards making global climate and disaster initiatives work at the local level.

C. Panel session 2a: Infrastructure and connectivity game changers

18. This session was moderated by Mr. David Morris, ESNB APBF Chair and Vice President of the ESNB Executive Council. The panelists were: Mr. Vajira Piyasena, CEO, Fiji Ports; Mr. Zhonghang Li, Vice-Chairman, Silk Road Chamber of International Commerce; and Mr. Simon Lacey, Vice-President, Huawei Technologies Co., Ltd.

19. The session focused on discussing the trends, opportunities and game changers impacting connectivity and trade and investment across Asia and the Pacific.

20. The main observations, conclusions, recommendations and outcomes of this session were as follows:

- Rapid economic and population growth, including rising urbanization, requires massive investments in infrastructure that promotes connectivity while ensuring sustainability. In the Pacific, connectivity infrastructure is heavily underfunded while sustainability has emerged as a major game changer.
- Transport, including shipping, is responsible for a major share of greenhouse gas emissions so technologies need to be developed to make transport more sustainable. With regard to promoting sustainable shipping there are many players involved, including the International Maritime Organization (IMO), port authorities, shipping companies, ship operators, ship builders and regulators that need to cooperate and align strategies. For this purpose, the IMO has developed a road map.

- China's Belt and Road Initiative (BRI) has provided opportunities for financing important connectivity infrastructure and has helped link national chambers of commerce of participating countries through the Silk Road Chamber of International Commerce. In particular, the BRI can forge connectivity between the Pacific and Asia.
- The Pacific serves an important strategic role in connecting Asia and the world from East to West and North to South. However, there is an urgent need to develop ports and other maritime and ICT related infrastructure in the Pacific as well as other infrastructure that would help them cope better with disasters. Under the BRI, many infrastructure development projects are currently underway in the Pacific, including in Fiji and PNG. The Silk Road Chamber of International Commerce is promoting joint efforts to develop connectivity infrastructure.
- The digital economy or industrial revolution (Industry 4.0) is a major game changer in forging connectivity, such as 5G mobile connectivity. The development of digital technologies has happened very fast and has been led by the private sector, but governments have been slow to keep pace in providing the necessary regulation and policy frameworks. However, this is now changing in some areas though in others, such as 5G, they are still lagging behind, including in improving the security of digital transactions and networks.
- In particular, digital connectivity has been a game changer in developing countries where e-commerce and e-payments have enabled poor people to circumvent traditional modes of trade and financial institutions. In particular it plays a role in connecting remote communities with the rest of the world.

D. Panel session 2b: Inclusive business

21. This session was moderated by Ms. Mia Mikic, Director, Trade, Investment and Innovation Division, ESCAP. The panelists were: Ms. Marta Perez Cuso, Economic Affairs Officer, ESCAP; Ms. Melanie Moleño, Board of Investments, Philippines; and Mr. Mark Matthews, COO, Business for Development.

22. The session explored how inclusive business provides goods, services, and livelihoods to people living at the base of the economic pyramid, while also engaging the low-income population in the value chain of companies as suppliers, distributors, and retailers. It discussed the type of measures that governments can put in place to support an enabling environment for inclusive businesses to emerge and thrive.

23. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- The pursuit of both inclusive businesses and responsible businesses is required to meet the ambitions of the SDGs and realize the principle of "leave no one behind". Inclusive businesses provide goods, services, and livelihoods on a commercially viable basis to people living at the base of the economic pyramid.
- Inclusive businesses are different from businesses adopting corporate social responsibility, as inclusive business models are an integral part of a firm's core activity. Fundamentally, inclusive business is about connecting those at the base of the pyramid with markets.

- Establishing and, more importantly, sustaining inclusive business requires partnerships that share a long-term vision of supporting social development while business operations remain based on commercial principles. Such partnerships are largely based on trust and must seek to achieve social returns in the long-term rather than economic returns in the short-term.
- While inclusive business is a market-based activity, governments can play a critical role in supporting inclusive business through different means: generating awareness on inclusive business and their business case, recognizing inclusive business through awards or accreditation, providing tax incentives, or facilitating skills development and coaching for developing inclusive business models.
- ESCAP, in partnership with Inclusive Business Action Network (iBAN), is supporting the growth of inclusive business in South-East Asia. In 2019, ESCAP jointly with iBAN will be conducting three national landscape studies in Cambodia, Viet Nam and Malaysia and providing advisory services to the Philippines to support the implementation of their national policy on inclusive business.
- Other UN organizations, in particular UNDP (through its Business Call to Action), as well as the Asian Development Bank and APEC have supported inclusive business in Asia and the Pacific.
- Two calls for actions emerged from this discussion. First, to explore the opportunities for promoting inclusive business in the Pacific, including at the policy and technical level. Secondly, for private sector actors to self-reflect to what extent their business is inclusive and what opportunities they may have to develop inclusive business model.

E. Panel session 3a: Best practice and emerging opportunities in resources and energy

24. This session was moderated by Mr. Edward Vrkic, UNDP Senior Adviser for Environment and Climate Change, PNG. The panelists were: Mr. Liu Zuming, General Manager, Yunnan ZY Energy Corporation, China; Mr. Amit Singh, General Manager, CBS Power Solutions, Fiji; Mr. Solomone Fifita, Manager, Pacific Centre for Renewable Energy and Energy Efficiency, Tonga; Mr. Christian Lohberger, President, Solar Energy Association of PNG; and Ms. Darlen Lovi, University of Papua New Guinea.

25. The session focused on how the transition towards more renewable energy and diversified energy supplies is creating opportunities and challenges for the security of the global energy infrastructure; and how the private sector, in particular SMEs, can harness these opportunities.

26. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- Access to reliable and modern energy remains a major challenge in the Pacific region. Rural communities rely heavily on kerosene and firewood and this makes up a significant portion of their energy related expenses. Governments need to back economic programmes and commercial enterprise in these communities to promote income generation and development.
- Solar energy in the future is expected to take off as a number of opportunities are present in the residential, commercial and off-grid sector. As the cost of solar continues to decline, it is fast becoming a

viable option for providing access to inaccessible geographical pockets. It is estimated that exploring opportunities within commercial rooftop solar could help reduce peak electricity demand by 10-15%. Renewable energy technology such as solar pumps have become cost-competitive and are helping support local agriculture and commerce. The Pacific could benefit from harnessing such business opportunities.

- The energy model is changing very fast and government energy departments in the Pacific have been slow to react as their financial and institutional capacity is lagging. Training requirements for utilities and power plant operators need to be updated. Current capacities are lacking, impacting the smooth operation and maintenance of high-tech solar power plants for renewables e.g. solar. Academic institutions can play an instrumental role in building these capacities.
- Poor communication infrastructure significantly prolongs response time to technical failures in the energy infrastructure, especially in the remote islands.
- SMEs are helping address energy challenges in the Pacific while also providing local employment. However, the private sector, including SMEs, is facing similar challenges in terms of lack of affordable financing and communication infrastructure. The private sector can provide technical support, financing and contribute to build capacities in the energy sector. However, tariff reforms are needed to attract private sector investment and regulators should take further steps to instill confidence in the market.
- Nationally Determined Commitment targets of the Pacific countries may present business opportunities and this needs to be clearly communicated to the private sector.
- Public-Private Partnerships (PPP) need to be pursued to generate and distribute renewable energy and meet growing energy demand.

F. Panel session 3b: Promoting small and medium-sized enterprise integration in sustainable fisheries and agriculture

27. This session was moderated by Desmond Yaninen, Principal, PaciFund. The panelists were: Mr. David Davies, Co-founder of Escavox & Founder & CEO, Agunity, Australia; Mr. Ken Shimizu, Country Director, Food and Agriculture Organization, PNG; Mr. Gilbert Veisamasama Jr., Consultant for ESCAP SME Value Chain Integration Project, Fiji; Ms. Stella Tunmin, Chairperson, Nimani Farmers Cooperative Society Limited, PNG; and Ms. Jane Rausiro, PHAMA, PNG.

28. The session recognized that there were enormous opportunities for Asian and Pacific SMEs to plug into global and regional agricultural value chains. The session considered examples from firms that had successfully integrated into one or more value chains in the agriculture and fisheries industries and discussed the challenges and necessary conditions for promoting SME integration into these industry value chains.

29. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- The main constraint for SMEs is market access. Markets are limited to certain geographic locations so a key challenge for SMEs is to figure out how to sell their products outside those locations. Value chain integration is possible through SME clusters in particular product groups

that benefit from subcontracts. Other SME constraints to value chain integration include access to finance, transportation, perishable products, operating in the informal sector, and lack of proper skills to conform to quality requirements.

- Challenges for SMEs are also opportunities for partnerships that provide solutions. Lack of access to capital and quality infrastructure and logistics, incidence of crop diseases, and absence of security and extension services are main constraints for small-scale farmers in the Pacific. It is important to identify best practices and success factors and apply them more broadly.
- The fragmentation and small-scale of farms makes it difficult for small-scale farms and enterprises to use more modern technologies and equipment and to access loans. Therefore, organizing farmers in cooperatives may be a way out though capacity constraints remain an issue.
- In this regard, fintech and blockchain can help farmers mobilize finance and undertake payment transactions. Blockchain facilitates building trust as all transactions are recorded.
- Trade facilitation for farmers is also important, including the facilitation of all transactions related to the sale and buy of an agricultural commodity. This also requires ensuring the security of contracts and payments throughout the supply chain which depends on building trust. Blockchain can also help here as records can be used to assess creditworthiness.
- Governments lack policies to build rural cooperatives. Farmers can be helped through specific contracts and assistance that helps them access finance, improve product quality and market their products. Other areas are intellectual property rights protection and learning about product varieties and grading, and flavour profiles in selected products such as cocoa.
- The biggest challenge for financial institutions in providing capital is to obtain proper information including financial statements. These institutions need to know that borrowers have the capacity to repay the loan. This is particularly challenging for cooperatives as it is easier to assess the borrowing capacity profile of individuals. An alternative may be to provide financing to traditional lenders. Development banks may also act as a useful intermediary.
- ESCAP is undertaking a project for SME development and value chain integration in Fiji and PNG. In the Pacific, the main identified constraints to agricultural SMEs are absence of specific policies and laws for agri-business, though some commodity specific policies may exist. Based on a business survey of SMEs in Fiji there was a perceived gap between official policies and the reality on the ground. A major problem was the absence of local extension services. Public-private partnerships are also absent and could be a useful tool.
- Women entrepreneurs play an important role in agri-business but face similar constraints and additional discrimination. Women also often lack financial and digital literacy and the capacity to exploit market opportunities through product improvement. In this regard, capacity building provided by government and international organizations is important. The economic empowerment of women and promotion of gender equality is essential to help women entrepreneurs but face constraints in male-dominated countries in the Pacific. Therefore, a

commercial approach to help rural women produce and sell quality products may be more practical in specific commodities through funding and technical assistance where women help women.

- The following suggestions may improve market access and operation conditions for SMEs: improve transparency in value chains for building trust, provide more market information and promote cooperatives, establish or improve extension services, identify best practices and upscale them, make government policies more practical with reference to the realities on the ground, facilitate access to trading licenses, promote use of more sustainable pesticides and chemicals, promote access to niche markets, and streamline and update regulations for commodities.

G. Panel session 4a: Green finance and financial inclusion

30. This session was moderated by Jagdeep Dahiya, Financial Inclusion Lead, UN in PNG Prosperity Working Group Chair, PNG. The panelists were: Mr. Gunanidhi Das, General Manager, Women’s Micro-Bank Limited, PNG; Mr. Patrick Cooke, Regional Editor for Asia and the Pacific, Oxford Business Group; Ms. Barbara Meynert, Senior Advisor Fung Group, Thailand; and Ms. Brenda Yan, Partner, Sterling Global Capital, Australia.

31. The session recognized that despite gains in economic growth in Asia and the Pacific many economies across the region were still saddled with relatively less inclusive financial systems and in urgent need of unlocking climate finance. Financial inclusion was also vital to improve the resilience of individuals, households, communities and business. The session’s discussion focused on initiatives to improve financial inclusion in the region and on exploring how green finance can be leveraged to support sustainable, climate-aligned inclusive growth in the region.

32. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- The first step towards financial inclusion is to have access to a transaction account which serves as a gateway to other financial services. Transaction accounts are not the same as passive savings accounts in a bank. Today, 1.7 billion people, almost one-third of all adults, lack transaction accounts. About half of the unbanked people are women in poor households in rural areas or who are out of work. The gender gap in account ownership remains stuck at 9 percentage points in developing countries. This hinders women from being able to effectively control their financial lives and hinders them to start their micro businesses.
- India’s Aadhar digital ID programme is an example of a policy response. The programme covers more than 1.2 billion people. This has major implications for the millions of informal enterprises operating in India, not just for individuals. Moving informal enterprises into the formal sector can have considerable advantages for the enterprise – better access to credit and government services.
- It is no longer necessary to have a bank account, as mobile banking and technology platforms and apps such as WeChat can also be utilized. Money should be transferred like information and the world is indeed rapidly moving towards digital money transfers. Policymakers should consider creating digital ID’s for people, and this is especially relevant in the Pacific.

- A key challenge to achieving financial inclusion is improving women’s access to finance. There is the need to have financial products tailored to women.
- To ensure financial inclusion means both people and business can get access to finance. Traditional cross-border payments for individuals and business are expensive, slow and opaque. This is because funds have to move across borders through layers of intermediary correspondent banks that operate under different technology systems and regulatory regimes. Existing intermediaries benefit from barriers to entry.
- To help SMEs, policymakers need to develop policies to lower the costs of cross-border financial transfers and enable digital private payments. In the Pacific, it would be particularly important to develop a nation-wide (or subregion-wide) information database to inform MSMEs and people of the most effective way to transfer money cross-border. Of course, this would have to be maintained and updated constantly by an expert who is aware of what is happening globally and regionally.
- Mobilizing funding for climate financing and for financial inclusion have the same objectives – namely to contribute to the achievement of the SDGs. The linkage is that they are both essential for SDGs, leaving no one behind and ensuring a healthy planet for all.

H. Panel session 4b: Promoting small and medium-sized enterprise value chain integration: sustainable tourism

33. This session was moderated by Mr. James Gore, Founding President of MSME Council. The panelists were: Mr. Anang Sutono, Senior Advisor to the Minister for Economy and Destination Development, Ministry of Tourism, Indonesia; Mr. Lawal Mohammed Marafa, Professor, Chinese University of Hong Kong; Ms. Shirley Yeung, IEMA Approved Sustainability Practitioner, Hong Kong; and Mr. Jerry Agus, CEO, PNG Tourism Association, PNG.

34. The session recognized that there were enormous opportunities for Asian and Pacific SMEs to plug into global and regional value chains in the tourism sector. The session considered the challenges for SMEs to integrate in the tourism industry and how countries in the Asia and Pacific region can develop and promote their tourism sectors sustainably.

35. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- Sustaining tourism and effectively involving SMEs in the tourism industry are challenging. Tourism cannot stand alone but should be supported by manufacturing and other services. Tourism is a major industry that improves people’s quality of life as it bestows direct benefits that go beyond mere income. A healthy environment is important for sustainable and green tourism and awareness creation of this aspect is important in branding a destination as a tourism destination.
- Countries need to assess the potential of tourism destinations. Digital technologies, including blockchain and soft skills can help promote tourism and help SMEs enter the tourism industry. Social media can also be used as a tool to promote tourism destinations, increasing people’s awareness of those destinations and also informing them of any requirements needed for travelling to them.
- Until recently tourism was not recognized as a major industry in PNG. It is an industry that cuts across many sectors. In PNG access is a

major issue in tourism promotion as the infrastructure is lacking while security is also an issue. Furthermore, PNG is expensive so tourism is rather exclusive. Obstacles to development of tourism business is lack of awareness of PNG in the world and a negative image perception related to safety and security which is often overblown.

- While there are ample opportunities for SMEs to engage in tourism value chain, the overall objective was to maintain sustainability and balance the demand from tourists with the preservation of the cultural and natural heritage of countries.

I. Closing session

36. Closing speech by Ms. Mia Mikic, Director, Trade, Investment and Innovation Division, Economic and Social Commission for Asia and the Pacific

In her closing speech, Ms. Mikic thanked the organizers and PNG as host country of the Forum. She underscored that the Forum is and will remain an important platform for discussing the engagement of business in sustainable development. She then highlighted three key points that came out of the day's discussions. First, economic diversification and connectivity are essential to the development of the non-urban Asia-Pacific and strengthening the resilience of communities and the private sector in non-urban areas requires building links between sustainable transport, trade and supply-side capacities. Secondly, more progress must be made to improve ICT infrastructure and legal frameworks to allow economies to harness the potential of utilizing digital technology. Thirdly, innovative solutions from the private sector are indispensable for mitigating climate change.

Annex

Programme

Asia-Pacific Business Forum 2019 Global Goals, Local Opportunities: Inclusive and Sustainable Development in the Non-Urban Asia-Pacific Port Moresby, Papua New Guinea 20-21 June, 2019	
20 June: Airways Hotel	
18:30 – 20:00	<p>Gala Cocktail Reception, Airways Hotel 7th Floor Poolside</p> <p>Gala Opening Speakers:</p> <ul style="list-style-type: none"> • H.E. Powes Parkop, Governor of National Capital District of Papua New Guinea • David Morris, APBF Chair, ESCAP Sustainable Business Network • PNG Cultural Show
21 June: APEC Haus	
9:00-9:40	<p>Opening Session, ABAC Room</p> <p>Welcome Statement by George Lam, President, ESCAP Sustainable Business Network</p> <p>Opening Address by Armida Salsiah Alisjahbana, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP</p> <p>Welcome Speech: H.E. James Marape, Prime Minister of Papua New Guinea</p>
9:40 – 10:10	<p>Keynote Speakers:</p> <ul style="list-style-type: none"> • Shasha Ridzam, Group Head, International Policies and Institutions, Air Asia • Yanning Wang, Assistant Corporate Secretary, AIIB • Shaun Gilchrist, CEO Azure Water & President Vanuatu Chamber of Commerce
10:10-10:30	<p><i>Tea and Coffee break, Foyer Ground Floor</i></p>
10:30-11:45	<p>Panel Session 1, ABAC Room</p> <p>Climate and disaster resilience for SMEs: Mitigating and adapting to ensure sustainable development in Asia and Pacific</p> <p>Moderator: Zarak Khan, Director of Programmes and Initiatives, Pacific Islands Forum</p> <ul style="list-style-type: none"> • Alexander Welzl, Pacific Plastic Marine Litter project, Austrian High-Level Expert Group on Plastic Marine Litter • Graham Sem, Professor of Environmental Science and Geography, University of Papua New Guinea • Sosefo Tofu, Energy Planner, Ministry of Meteorology, Energy, Information, Disaster Management, Environment, Climate Change and Communication, Tonga • Corey Huber, Executive Member of the Vanuatu Business Resilience Council, Vanuatu • Leon Busken, Oil Search Ltd.

<p>16:00-17:15</p>	<p>Parallel Session 4A, ABAC Room Green finance and financial inclusion</p> <p>Moderator: Jagdeep Dahiya, Financial Inclusion Lead, UN in PNG Prosperity Working Group Chair</p> <ul style="list-style-type: none"> • Gunanidhi Das, General Manager, Women’s Micro-Bank Limited • Patrick Cooke, Regional Editor for Asia and the Pacific, Oxford Business Group • Barbara Meynert, Senior Advisor Fung Group • Brenda Yan, Partner, Sterling Global Capital 	<p>Parallel session 4B, Ocean View Room Promoting SME value chain integration sustainable tourism</p> <p>Moderator: James Gore, Founding President of MSME Council</p> <ul style="list-style-type: none"> • Anang Sutono, Senior Advisor to the Minister for Economy and Destination Development, Ministry of Tourism, Indonesia • Prof. Lawal Mohammed Marafa, CUHK • Shirley Yeung, IEMA approved Sustainability (CSR) Practitioner • Jerry Agus, CEO, PNG Tourism Association
<p>17:15 – 18:00</p>	<p>Wrap up and way forward: A Strategy for Linking the Pacific to Asia, ABAC Room</p> <p>Closing Remarks</p> <ul style="list-style-type: none"> • Mia Mikic, Director, Trade, Investment and Innovation Division, ESCAP 	
<p>18:30 – 20:00 18:30 – 20:00</p>	<p>Closing drinks, APEC Haus Foyer Level 1</p>	

