

Expert Group Meeting: Promoting Inclusive Business Across Asia and the Pacific

Hybrid meeting, Bangkok

22 February 2023, 14:00 - 17:00

Meeting Notes

Country presentations

- Mr. Gaurav Sishodia, Senior Assistant Vice President, Invest India, India
 - India has a number of strengths to promote inclusive business (IB), including emerging innovations and infrastructure, field-level extension services, a diverse and rapidly maturing market, a wealth of support institutions, and conducive policies. Key challenges to promote IB in India are weaknesses in digital and physical infrastructure, skillsets and institutional capacity, and lack of an accreditation, limited awareness, and weaknesses in access to finance and market linkages.
 - An example of an inclusive business is Wingreens Farms.
 - Invest India will be supporting in collaboration with ESCAP and the Bill & Melinda Gates Foundation the development of IB in Agriculture and Food systems, including through providing IB coaching services to 20 firms, and conducting a landscape study of IB in India.
- Mr. Luhur Pradjarto, Senior Adviser to Minister for Inter-Institutional Relations, Ministry of Cooperatives and SMEs, Indonesia
 - Indonesia has implemented several policies aligned with the promotion of IB, including policies to (1) strengthen linkages between SMEs and large cooperatives; (2) strengthen MSEs and cooperatives, including through the supply chain; (3) to eradicate extreme poverty; (4) implement of partnerships & investments between large business and MSME, where FDI should collaborate with local entrepreneurs and MSMEs.
 - Indonesia has had several IB initiatives, in particular in the area of tourism (e.g. Bilebante village IB programme with GIZ and the Roadmap for IB in Wellness Tourism, develop with support from iBAN and ESCAP).
 - Current challenges to promote IB in Indonesia includes (1) lack of specific IB regulation on how to specifically promote IB; (2) there are 27 ministries that deal with MSMEs; (3) Indonesia needs to recognise the IB accreditation & certification.
 - Indonesia will be hosting the 6th ASEAN Inclusive Business Summit in Bali from 23 to 25 August 2023.
- Mr. Alfie Othman, CEO, RaiSE, Singapore
 - It is critical to build enabling ecosystems for impact businesses (both social enterprises and inclusive businesses). Singapore started the promotion of impact businesses by building an ecosystem and providing support before establishing legislation.
 - RaiSE is an ecosystem builder. It has a framework for measuring impact, linked to the SDGs. It also provides capacity building that is increasingly targeted to the needs of firms. RaiSE also provides funding, through a variety of instruments (from 50,000 USD start-up funds to making investments).
 - Mr. Othman suggests letting these ecosystems grow before implementing legislation to, among others, not stifle innovation. He also stresses the significance of having common

- benchmarks to allow for cross border collaboration, particularly from the side of investment. For example, RaiSE uses a simple benchmark of a minimum of 20 % (5% in the case of established corporates) resource allocation towards impact. Once there are benchmarks it is easier to collaborate and access funding.
- The ‘S’ in ESG needs a framework. There is a chance to set the S model in the global context.
 - Talent, including among policy makers and business leaders, on how to scale business and social impact, and on how to support impact businesses is a major challenge.
- Mr. Azam Bakeer Markar, Partnership and Development Finance officer, UN RCO, Sri Lanka
 - Sri Lanka has a robust corporate culture that emphasizes treating people fairly and giving back to the community. Integration of corporate sustainability is not yet very common although it is expanding in export-oriented companies. Many companies are still looking at traditional CSR work. Social Enterprises are quite common in Sri Lanka.
 - Sri Lanka has adopted the SDGs as a reference agenda in the national policy framework, and private sector plays a critical role in it. For example, the SDG 9 steering committee looks at sustainable industrialisation and IB. The Sustainable Development Council has put forward a private sector engagement strategy.
 - IB are not very common in Sri Lanka but are increasingly seen in agriculture, tourism and apparel industries, which are critical components of the country’s economy.
 - As highlighted by the Inclusive Business Action Network, Sri Lanka would be a good country to promote IB, given the strong orientation of the larger enterprises towards social good, and the government’s interest in encouraging private sector solutions for the poor.
 - Ms. Wimonkan Kosumas, Deputy Director-General, Office of SME Promotion, Thailand
 - Thailand is now in the process of formalizing IB models. We have policies promoting cooperatives, community enterprises, social enterprises etc. but not specific policies tools towards promoting IB. Thailand still needs to adopt a definition of IB, build the institutions to promote IB, and finding ways to measure impact.
 - Thailand is working with ESCAP to raise awareness build networks, foster knowledge exchange and promote partnerships and facilitate investments, with a focus in agriculture sector.
 - There are opportunities to support start ups to work with existing farmers and help them adopt new technologies. But this requires government support to build an enabling ecosystem and to attract investors with an appropriate incentive regime.
 - Key challenges for Thailand will be to: (1) Raise awareness and support from farmer organisations (who are very suspicious of contract farming, cannot distinguished between contract farming from IB); (2) Develop definition of IB, in accordance with corporate practice; (3) Develop impact measurement; (4) develop an appropriate incentive regime to attract investments in IB; (5) help social enterprises to scale up.
 - Ms. Huong Thi Trinh, Deputy Director General, Agency of Enterprise Development, Ministry of Planning and Investment, Viet Nam
 - The Prime Minister approved a programme in 2022 to support private enterprises on sustainable business, including inclusive business models. The programme includes activities to develop a support ecosystem and support businesses, including through coaching access to finance, market expansion. High level government commitment has been critical to

support IB. Challenges to promote IB include limited experience (in public and private sector) to promote IB, and the lack of an IB accreditation system and of financial incentives.

IB accreditation

- Ms. Huong Thi Trinh, Deputy Director General, Agency of Enterprise Development, Ministry of Planning and Investment, Viet Nam
 - Viet Nam is seeking to develop an accreditation system, based on the Guidelines for the Promotion of Inclusive Business in ASEAN.
 - Proper accreditation will inform companies of what they can achieve, while helping the government find who to target and support.
 - To make IB accreditation valuable, the roles, responsibilities and benefits for stakeholders must be clear. The accreditation system must be transparent and simple, and must be supported by international organizations.

IB coaching

- Mr. Alfie Othman, CEO, Singapore Centre for Social Enterprise, RaiSE
 - RaiSE supports social enterprises in a targeted and focused manner. Coaching is never prescriptive – in today's dynamic business environment it makes no sense to be prescriptive. RaiSE is above all a link to resources.
 - Not all businesses want to scale, you cannot force things. The goal is to support business needs and develop a good ecosystem.
 - Regional collaboration in SE and IB business coaching can help cross-learning. Commonalities across national boundaries allows coaches to learn from each other. Moreover, collaboration among coaches may help companies expand into other countries.
- Mr. Kirti Mishra, Co-founder and Director, Ecociate Consultants Pvt. Ltd.
 - To provide IB business coaching at scale it will be important to bring academia in the promotion of IB. Academia can create courses around IB to raise awareness about IB and could provide services to firms to help scale IB.
 - Regional collaboration can help expand policy support for IB and generate interest amongst investors looking for larger ticket sizes.

Measuring and managing impact

- Ms. Luciana Aguiar, Programme Manager, Business Call to Action (Online)
 - Business Call to Action (BCTA) has trained 2700 enterprises and developed tools and methodologies for impact measuring and managing. It supports businesses, mostly SMEs, in Asia-Pacific to measure impact and prove that they are truly inclusive businesses (e.g. prove of how they are serving low-income population and their impact).
 - Measuring and managing impact is a long-term process, firms need to build a culture. We must promote impact measuring integrity to avoid impact washing.
 - We have online tools and a community of practice.
 - Measuring and managing impact also drives economic value to businesses. It enables businesses not only to position themselves better to impact (and other) investors but also to enhance their business performance (in terms of designing effective products and services, enhancing and scaling impact, assessing market opportunities and risks, improving customer engagement and customer insights, and reputation building).

- Regional collaboration with entities like ADB and IBAN is important, but many challenges exist because of the different makeup of countries and companies. Such challenges make the application of materials across countries difficult because every country has different characteristics.

IB access to finance

- Ms. Susan Olsen, Senior Investment Specialist, ADB
 - Investing in IB is one of the ways ADB interacts with the private sector. ADB have a 2.6 billion dollars portfolio in IB. ADB can support governments in IB policy development upon request.
 - ADB defines IB as a private, for-profit, sustainable, and scalable business. These companies must be based on a business strategy that focuses on the BoP and makes business sense.
 - ADB is best suited for large ticket investments. The tailored financial instruments are needed for different company sizes and growth stages.
 - Investors see accreditation favourably and mainstreaming accreditation / standardizing measurement would help crowd in investors to the investment space.
 - There are several challenges for IB firms to access finance. Different financial instruments are needed to support companies in their different stages of development (start-up to consolidated firm expanding operations).
 - Regional collaboration must be kept at the top of the agenda to catalyse funding towards the BoP.
- Ms. Fai Wechayachai, Head of Market Development Asia, Global Steering Group for Impact Investment (GSG)
 - GSG has helped institute national advisory boards for impact investment to develop strategy and investment policies.
 - To enable IB firms greater access finance there needs to be a focus on harmonization of standards and mobilizing capital towards emerging markets.
 - A key challenge GSG is seeking to address is building greater knowledge on developing blended finance mechanisms).
- Mr. Royston Braganza, CEO, Grameen Impact Investments India Pvt Ltd
 - To expand access finance for IBs, an ecosystem approach is needed in which policymakers and corporate work together and create relevant instruments for fresh capital to enter the market.
 - Enterprises need money now and an SDG bond to cheapen access to finance without increasing risk for investors (pay-for-performance) model would be ideal.
 - There is a need for capital now for ticket size businesses of 200-500k USD. A quick solution to give them access to capital, such as the microfund models developed by Grameen Capital, must be developed alongside a long-term solution such as an SDG exchange, guarantee fund or others.

IB supporting SMEs

- Mr. Gil Gonzales, Executive Director, ASEAN Business Advisory Council
 - IB is more palatable than CSR, and can more easily be replicated through incentives and accreditation.

- Regional collaboration on digitalization will improve access to services and ease of business.
- ACCMSME is ideally placed to promote IB in ASEAN.
- Mr. Max Bulakovskiy, Policy Analyst, OECD (Online)
 - IB practices can help SME get better access to inputs and finance, improved distribution and create competitive advantages.
 - Regional governmental collaboration can help industrial linkage programmes that benefit SME. Regional collaboration is an opportunity for policy makers to incorporate social perspectives.

Discussion

- There is an unmet need to train government officials and experts in IB accreditation, coaching, and measuring and managing impact.
- Corporations must be able to reliably access funds to move forward with accreditation programmes, business coaching, measuring and managing impact, and financing and investment.
- It is critical that international organisations continue promoting IB in the global scene (e.g. IB rose in prominence thanks to the G20).
- In the short-term, firms with IB models need to be able to access to finance, mostly smaller tickets. Current offer does not match these requirements.
- In the long-term, IB needs to prove that it is sustainable and has an impact, among others through the use of transparent criteria.