

# **Private Sector Development and Inclusive Growth**

## **Role of MSMEs under Global and Regional Agendas**

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# ESCAP's work on innovation, enterprise and investment

- **Innovation:** Aligning innovation and digital policies to the SDGs and integrating inclusive dimensions.
- **Enterprise:** Promoting inclusive and sustainable business and social entrepreneurship.
- **Investment:** Promoting investment for inclusive and sustainable development including FDI, impact and gender-lens investing.

# Presentation

- Context
- Policy approaches to promote private sector – and in particular MSMEs – for inclusive growth
- Links to global and regional agendas
- Key messages and concluding points



**Enterprises have been  
a source of innovation  
and economic  
dynamism in the  
region**





**However, this has  
often been to the  
detriment to  
society and the  
environment**



**In this context, we need enterprises that  
put people and planet alongside profit**



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**Corporations are beginning to realign their priorities with the SDGs**

**Innovative business models such as social enterprises, inclusive businesses and impact investment funds are emerging, which purposefully aim to address social and environmental challenges as well as provide products and services to those at the base of the economic pyramid**



# The State of Social Enterprise 2024



**10 million**  
Social Enterprises

**\$2 trillion**  
Annual Revenues



**200 million**  
Jobs

**1 in 2**  
Led by Women



**The sector is larger than the \$1.57 trillion apparel industry and twice the size of the \$875 billion advertising industry**

**One in two social enterprises around the world are led by women, compared to 1 in 5 conventional enterprises**



# **Inclusive growth?**

**Growth that generates social and environmental as well as economic value**

**Growth that leaves no one behind**

(e.g. by providing goods, services and livelihood opportunities to the very poorest, women and girls)

# Policy framework to promote enterprises for inclusive growth

## The role of Governments:

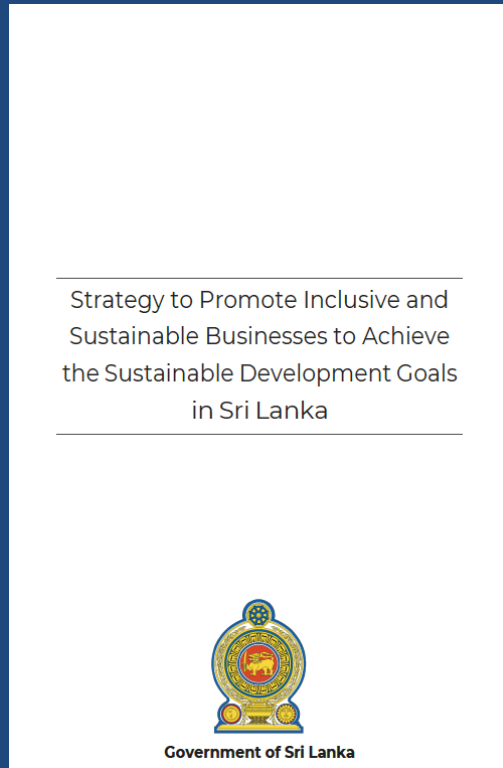
- **Market facilitator:** Governments may play an active role by developing strategies and creating organizations and platforms that support, enable and incentivize enterprises to focus on social and environmental challenges.
- **A market regulator:** Governments can build an enabling environment by introducing favorable laws and regulations for enterprises to focus on people and planet.
- **A market participant:** Governments can play a role as market participants.



# Market facilitator

## Strategies

Sri Lanka: A whole-of-government approach to promoting more inclusive and sustainable business practices with deep engagement with the private sector.



## Social Stock Exchanges

India: The Government of India established the Social Stock Exchange as a platform to link impact enterprises to impact capital. The Exchange has procedures for measuring and reporting how enterprises impact local communities and preserve the environment.

# Market regulator

## ESG disclosures

Several economies in the Asia-Pacific region are implementing ESG disclosure practices on either a voluntary, mandatory, or a comply-or-explain basis.

**Certification schemes** and tailored legal frameworks to distinguish environmentally focused enterprises or products from mainstream businesses (e.g. Thailand Green Label).

## Accreditation

An inclusive business accreditation system has been developed by the Government of Viet Nam which will enable the provision of fiscal and non-fiscal incentives for inclusive businesses.

## Tax incentives

In 2021, the Thailand Tax Royal Decree (No 735) was gazetted providing resident individuals and corporate entities with personal and corporate tax incentives for investments in social enterprises.



# Market participant

## **Facilitating access to finance through programmes and government-run funds to green enterprises and ESG-oriented investment funds**

The Green Transformation Fund, established by Bangladesh Bank, supports green transformation and industrialization of the private sector by providing loans at relatively low interest rates for projects with positive environmental impact.

## **Embedding environmental considerations into public procurement decisions**

Singapore Green Procurement: As a major purchaser of goods and services, the public sector can play a catalytic role in encouraging enterprises to develop greener products and adopt greener practices.

## GENDER SENSITIVE POLICIES & LAWS

- **Viet Nam:** SME Law; New Decree 80 for enhanced support for women-led enterprises.
- **Bangladesh:** Integration of gender perspectives into the Bangladesh Start-Up Framework.



### United Nations launches Startup Ecosystem Assessment Report in Bangladesh

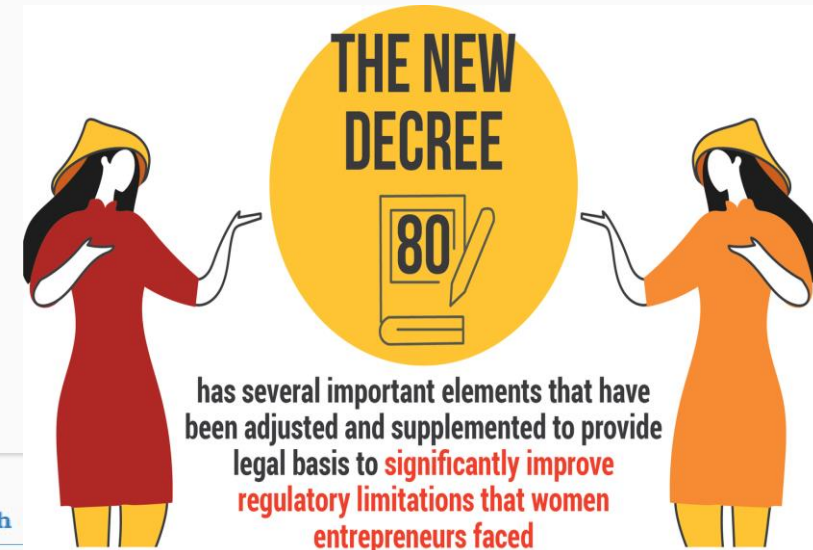
#### NEWS

Bangkok - 24 May 2022

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Photo credit: ESCAP/Susmit Chandrahasan



Advancing women's equality in the Asia-Pacific region could add as much as \$4.5 trillion - a 12% increase - to the region's GDP annually by 2025



- UN Resolution on Social Economy
- Global Innovation Index focus on social entrepreneurship





# ASEAN Inclusive Business Forum demonstrates regional progress in implementing Inclusive Business policies



Photo Credit: Ministry of Industry and Commerce of the Lao PDR



## Mobilizing Capital for Impact: Impact Investing in ASEAN



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# ASEAN INVESTMENT FORUM

“Investments for Enhancing Connectivity and Resilience”

Vientiane - Lao PDR

7 October 2024





# Key Messages

The integration of social and environmental objectives within mainstream economic policies will be critical if we are to reach the ambition of more inclusive and sustainable economies.

The private sector must be part of the conversation when developing government policy measures.

It is important to recognize that policymaking on this agenda is in its infancy.

With this in mind, the evaluation of the impact of the policy initiatives implemented should be a policy priority for governments, together with continued innovative policy experimentation, to establish what works and, of equal importance, what does not, in different contexts.

The Asia-Pacific region is leading on many of these agendas globally.

Regional cooperation, including the sharing of knowledge, effective practices and lessons learned, will be critical to scale up effective policymaking on this agenda.



# Thank You

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