



**Asia-Pacific
Economic Cooperation**

Advancing Free Trade
for Asia-Pacific **Prosperity**

Summary Report of APEC Workshop on Inclusive Business: Charting the Path for Shared Prosperity through Inclusivity

Kuala Lumpur, Malaysia | 29 – 30 November 2022

APEC Small and Medium Enterprises Working Group

April 2023



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TABLE OF CONTENT

I) INTRODUCTION	4
II) BACKGROUND	4
III) KEY ISSUES	5
IV) HIGHLIGHTS OF THE WORKSHOP	5
V) CONCLUSIONS	11
ANNEX I PROGRAMME	12

I. INTRODUCTION

On 29th – 30th November 2022, the APEC Workshop on Inclusive Business: Charting the Path for Shared Prosperity through Inclusivity was held on a fully virtual format via ZOOM Platform, organised by SME Corporation Malaysia, an agency under the Ministry of Entrepreneur and Cooperatives Development (MECD). A total of 116 local and international participants took part in the Workshop, comprising 77 female participants and 39 male participants. This Workshop was supported with active participation of 13 experienced speakers and moderators (representing three APEC Member Economies, two independent international agencies, and one international industrial expert), which also contributed to the success of this Workshop.

The overall objective of the APEC Workshop on Inclusive Business: Charting the Path for Shared Prosperity through Inclusivity is to promote Inclusive Business (IB) as a sustainable business framework, which can reset the economic fundamentals and rebuild a better sustainable future post-COVID-19.

II. BACKGROUND

The project is largely aligned with the APEC Iloilo Initiative: Growing Global MSMEs for Inclusive Development. Recapped from the 2017 APEC Leaders' Declaration, gathered in Da Nang, Viet Nam under the theme Creating New Dynamism, Fostering a Shared Future, the Leaders support Statement 11 and 12, "Recognizing new opportunities and emerging challenges presented by globalization and digital transformation, we resolve to advance economic, financial and social inclusion, with a vision to build an inclusive, accessible, sustainable, healthy and resilient APEC community by 2030, consistent with the 2030 Agenda for Sustainable Development."

In 2018 APEC Leaders' Declaration, gathered in Papua New Guinea under the theme Harnessing Inclusive Opportunities, Embracing the Digital Future, on Statement 18, "We reaffirm our commitment to promote sustainable and inclusive growth that benefits our people, raises living standards, lifts people out of poverty, and harnesses and develops our resources sustainably in collaboration with the private sector."

This project is aligned with the mission statement of the SMEWG Strategic Plan 2013-2016 - "The SMEWG shall promote competitive, balanced, inclusive, sustainable, innovative, and secure growth of SMEs and MEs in the APEC region.

The SMEWG will facilitate SMEs and MEs, individually and collectively, to attain their fullest growth potential and contribute to the achievement of APEC's wider economic prosperity and integration goals." It is also aligned with the Terms of Reference (ToR) of the SME Working Group Strategic Plan 2017-2020 – "The Group ensures that its work is practical and focused on improving the climate for social entrepreneurs within

and among member economies (for example by working closely with business/private sector bodies and civil society)”.

III. KEY ISSUES

The Workshop was originally planned to be organised in a physical format in November 2021 and will bring together about 200 participants from Malaysia and other APEC Member Economies. However, Malaysia was also affected by the COVID 19 pandemic during that period of time. As such Malaysia has taken precautionary measures to ensure the prevention of its spread as well as prioritising the safety and health of the people by closing the international boarder and implemented the Movement Control Order (MCO) which also applies travel restrictions.

Due to the uncertainties, application for changes were made to the implementation mechanism, timeline, and format of the Workshop from time to time. The online Workshop was successfully organised without any major technical issues.

IV. HIGHLIGHTS OF THE WORKSHOP

1. APEC Workshop on Inclusive Business: Charting the Path for Shared Prosperity through Inclusivity was officiated by YBhg. Dato’ Suriani binti Dato’ Ahmad, Secretary General, Ministry of Entrepreneur and Cooperatives Development (MECD). Among other highlights of her Keynote Address include:
 - 1.1.1. The SME development agenda is accorded high priority in APEC, as manifested by the 29th APEC Economic Leaders’ Meeting held recently on 18th – 19th November 2022 in Thailand. The 2022 Leaders’ Declaration issued affirms APEC Leaders’ long-standing commitment to promote strong, balanced, secure, sustainable and inclusive growth. This is in addition to the Leaders’ commitment to realise the APEC Putrajaya Vision of an open, dynamic, resilient and peaceful Asia-Pacific community by the year 2040, for the prosperity of all the people and future generations.
 - 1.1.2. The two-day Workshop on Inclusive Business (IB) is in-tandem and indirectly contributing to one of the economic drivers namely, “Strong, Balanced, Secure, Sustainable and Inclusive Growth”. This is one of the many concurrent efforts that the Government has been working on, to ensure that the Asia-Pacific region is resilient to shocks, crises, pandemics and other emergencies.

- 1.1.3. Given the continued efforts of economies to respond and mitigate the effects of the COVID-19 pandemic, APEC Leaders are determined to achieve a post-COVID-19 economic recovery and will reinforce systems to prepare for future crises. Therefore, it is crucial to foster quality growth that brings palpable benefits and greater health and wellbeing to all, including the MSMEs, women and others with untapped economic potential, especially the inclusive community.
 - 1.1.4. Malaysia views Inclusive Business (IB) as a measure towards rebuilding a better and stronger economy. Therefore, the Malaysian Government is promoting IB as a means to address the needs of the B40 group at scale. IB too has been underlined as a strategy to encourage the B40s, MSMEs and Social Enterprises to partake participate in the supply chain.
2. The Welcoming Remarks was delivered by Mr. Rizal bin Nainy, Chief Executive Officer, SME Corp. Malaysia. Among his highlights include:
 - 2.1.1. Malaysia had been profoundly defined and impacted by the pandemic. The onset of the pandemic has brought the economic activities to a near standstill and like any other economies, Malaysia had taken urgent actions to cushion the prolonged economic consequences and set the stage for recovery.
 - 2.1.2. “Landscape Study of Inclusive Business in Malaysia” was undertaken in collaboration with the United Nations Economic and Social Commission for Asia and the Pacific (UN ESCAP) and the Inclusive Business Action Network (iBAN). It was completed in 2021 and published on UN ESCAP’s website. This study has become an important reference document for part of the strategies that follow suit to rebuild businesses and support those most in need post-pandemic. Inclusive Business (IB) can become one of the better approaches to strike an economic reset.
 - 2.1.3. IB shall be demonstrated as an effort to promote the transformation of business models from the traditional approach to a model that values inclusion and shared prosperity. Not only it is perceived as a solution to address the accelerated economic downturn posed by the pandemic, but it is also recognised as a redress for the community.
 - 2.1.4. SME Corp. Malaysia has introduced Inclusive Business (IB) as an alternative business model to improve the livelihood of the low income and marginalised community. Through the Inclusive Business Value Chain Development Initiative (IB-VCDI) Pilot Project which kick-started in June 2022, it is aimed to develop micro enterprises as well as potential inclusive communities including the bottom 40% percentile of household income group (B40), women, youth, and others to generate income by

way of integration into the business value chain or supply chain. This project is implemented through four strategic partners as IB Principal Companies, ranging from a public-listed company to SMEs, which have adopted the Inclusive Business (IB) model as part of their day-to-day operation.

3. The two-day Workshop (Programme as per Annex 1) consists of four (4) sessions, with one (1) dialogue session and three (3) panel discussions encompassed topics related to IB, women empowerment, and support for the IB ecosystem.

4. Among other key takeaways from the Dialogue include:

4.1. Dialogue: Inclusive Business as the Changemaker



4.1.1. As an opening session, Ms. Marta Perez Cuso, Economic Affairs Officer, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) set the Dialogue Session as the tone of IB for this Workshop. The APEC Member Economies have previously worked together closely towards implementing a series of economic response and recovery initiatives. To date, some Member Economies including Malaysia have entered COVID-19 endemic phase. Facing the post-COVID-19 economic recovery challenges, this Dialogue Session will focus on IB’s potential growth across all APEC Economies and encourage exchange of views on ways for IB to overcome the challenges in adapting to the new normal and shift in business perspectives.

4.1.2. The importance of IB as a mechanism to encourage the private sector to contribute more to the achievement of the Sustainable Development Goal (SDG);

- 4.1.3. The advocacy or promotion of IB requires continuous awareness on the introduction of the concept of IB, Government interventions through IB strategies or programmes which include providing IB accreditation and IB business coaching, as well as enabling access to finance or risk reduction mechanism in place to leverage on more private sector investment;
- 4.1.4. The four key features of IB include engaging the B40 community intentionally, pushing for commercial viability, seeking to operate at scale, as well as to continuously measure and monitor the impact; and
- 4.1.5. The importance of having an enabling environment, support from different Government agencies, reliability to investment, sharing of experience between businesses and investors, as well as collective actions for IB.

4.2. Panel Discussion 1: Empowering Women through IB



- 4.2.1. It is important to ensure that women in rural areas are also empowered through entrepreneurship, especially by way of IB;
- 4.2.2. Ms. Pacita U. Juan, President and Co-Chair of the Philippine Coffee Board Inc. (PCBI) and Ms. Mary Jim, Managing Director, Everlasting Mus Sdn. Bhd. both emphasised that women in the inclusive community need to be guided and given the opportunities

to embrace peer-learning and sharing of experience through IB, as well as digital technology;

4.2.3. The COVID-19 pandemic has impacted every economy worldwide socially, mentally, and physically. Given the restriction or movement control order, it is important to ensure the mental health well-being of those in rural area were also taken care of. It was crucial to ensure that logistics solutions were made available and offered to the farmers or planters from isolated communities throughout the period in ensuring the freshness of their perishable produce and being able to be processed for other downstream products.

4.2.4. The women entrepreneurs in rural communities also need to be equipped with knowledge to have good basic accounting record keeping. They also need to continue networking with other communities and Government agencies to remain in the radar and have access to available Government financial facilities as well as to engage with potential investors.

4.3. Panel Discussion 2: Support for the IB Ecosystem



4.3.1. Participants were enticed by the Panellists on existing or ongoing efforts related or contributing to IB initiatives that are being carried out by the public and private sectors. This Session also highlighted on IB promotional and advocacy activities being carried out to support and contribute to the IB ecosystem;

- 4.3.2. Mr. Markus Dietrich shared his key observations on IB ecosystem and key actors within the IB ecosystem. He shared examples of growth in ecosystem in The Philippines, Australia's successful mechanism in SE, coaching and mentoring for scaling up of company in Cambodia, as well as impact investment in Singapore.
- 4.3.3. Mr. Mohd. Shahriza Sulaiman shared on SME Corp. Malaysia's effort in promoting or advocating the concept of IB to industry players and the mechanism being implemented. SME Corp. Malaysia recently introduced the IB Value Chain Development Initiative (IB-VCDI) Pilot Project that aims to develop microenterprises as well as potential inclusive communities including B40, women, and youth to generate income by way of integration into the value chain or supply chain.

4.4. Panel Discussion 3: Showcasing IB Champions in Malaysia



- 4.4.1. This session was moderated by Dr. Armin Bauer, International IB Consultant. It is a dedicated session to showcase IB Principal Companies (SP-IB) appointed under the IB-VCDI Pilot Project implemented by SME Corp. Malaysia, ranging from a public-listed company to SMEs, which have adopted the IB model as part of their day-to-day operation;
- 4.4.2. Mr. Azmi Zainal, Chief Operating Officer of Farm Fresh Berhad shared his experience in implementing the IB-VCDI Project through their Farm Fresh IB Entrepreneur & Principal Home Dealer Project,

as well as intervention offered by Farm Fresh to beneficiaries from among urban BoP community under this project;

- 4.4.3. Mr. Johari Abu Kasim, Group Managing Director of Star Medik Group Sdn. Bhd. shared his experience in implementing the IB-VCDI Project through the Serai Malaya IB Project. The intervention offered to the beneficiaries from among rural BoP community under this project include training, machinery and equipment, collection centre and mini office in guiding the farmers towards formalising the business of the community.

VI. CONCLUSION

In summary, this two-day “APEC Workshop on Inclusive Business: Charting the Path for Shared Prosperity through Inclusivity” has outlined some IB promotion and advocacy initiatives in the region.

The experienced moderators and panellists have introduced and deliberated on how IB can create social impact in general, ensuring there are efforts being carried out in promoting women empowerment through IB, as well as recommendations to adapt elements of IB model in various business operations among SMEs and large-sized companies.

APEC WORKSHOP ON INCLUSIVE BUSINESS: Charting the Path for Shared Prosperity through Inclusivity

Date: 29 - 30 November 2022

Virtual Platform: **ZOOM**

Day 1: APEC WOKSHOP ON INCLUSIVE BUSINESS

Registration

8:30 – 9:00 a.m. (GMT+8 / Kuala Lumpur Time)

Plenary Session

9:00 – 9:30 a.m. (GMT+8 / Kuala Lumpur Time)

Welcoming Remarks

Mr. Rizal bin Nainy

Chief Executive Officer, SME Corp. Malaysia

Keynote Address

YBhg. Dato' Suriani binti Dato' Ahmad

Secretary General, Ministry of Entrepreneur and Cooperatives Development (MECD)

IB: Navigating the New Normal

Covid-19 has profoundly impacted all segments of the population, globally. It has disrupted all industries with varying degrees of severity. For economies to recover, policy makers and governments need to address multiple dimensions that go far beyond the implications of this pandemic. The Panel of Speakers will converse about IB growth across all APEC economies and exchange views on ways for IB to overcome the challenges and adapt to the new normal as an emerging response to Covid-19. The findings of a study on the landscape of IB in Malaysia will also be deliberated in the quest to address challenges and seize opportunities to achieve sustainable progression and growth.

Dialogue:

Inclusive Business as the Changemaker

9:30 – 11:00 a.m. (GMT+8 / Kuala Lumpur Time)

Moderator:

Ms. Marta Perez Cuso

Economic Affairs Officer, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)

Panellists:

- i. Dr. Christian Jahn, Executive Director, Inclusive Business Action Network (iBAN);
- ii. Ms. Rozina Mat Rawi, Managing Director, METRIX Research Sdn. Bhd., Malaysia; and
- iii. Ms. Smita Jacob, Director - Policy, Asian Venture Philanthropy Network (AVPN), Singapore.

Questions and Answers (Q&A)

11:00 – 11:30 a.m. (GMT+8 / Kuala Lumpur Time)

End of Session for Day 1

Day 2: APEC WOKSHOP ON INCLUSIVE BUSINESS

Registration

9:30 – 10:00 a.m. (GMT+8 / Kuala Lumpur Time)

IB: A Business Practice Reimagined

Over the past two decades, businesses have gradually undertaken fundamental shift from the traditional shareholder-centric model to a model that values inclusion and shared prosperity. While the transition to IB model is neither easy nor natural for some, businesses are compelled to transform as IB model has become increasingly profitable. IB provides livelihood opportunities and closes access gaps for low income and marginalised populations. The pandemic like never before, forces businesses to reimagine ways to engage customers and the proliferation of digital platforms not only enabled them to connect people but also to connect organizations across industries and sectors.

Panel Discussion 1:

Empowering Women through IB

10:00 – 10:45 a.m. (GMT+8 / Kuala Lumpur Time)

Moderator:

Ms. Anja Juliah Abu Bakar

Patron, Inclusive Entrepreneur Association, Malaysia

Panellists:

- i. Ms. Pacita U. Juan, Co-Founder, President and Co-Chair of the Philippine Coffee Board Inc. (PCBI), The Philippines; and
- ii. Ms. Mary Jim, Managing Director, Everlasting Mus Sdn. Bhd., Malaysia.

Questions and Answers (Q&A)

10:45 – 11:00 a.m. (GMT+8 / Kuala Lumpur Time)

Panel Discussion 2:

Support for the IB Ecosystem

11:00 – 11:45 a.m. (GMT+8 / Kuala Lumpur Time)

Moderator:

Ms. Anita Ahmad

Head, Community Development, Yayasan Hasanah

Panellists:

- i. Mr. Markus Dietrich, Director Policy, Inclusive Business Action Network (iBAN); and
- ii. Mr. Mohd. Shahriza Sulaiman, Deputy Director, Policy Monitoring & Inclusive Development Division, SME Corp. Malaysia

Questions and Answers (Q&A)

11:45 a.m. – 12:00 p.m. (GMT+8 / Kuala Lumpur Time)

IB: New Horizon for Socio-Economic Inclusivity in Malaysia

For over 50 years, Malaysia has been very focused in steering the economy in enhancing the living standards of its heterogeneous population. Notwithstanding income inequality remain existent, Malaysia has yet again

continued its effort to reduce poverty through the Twelfth Malaysia Plan, 2021-2025 (RMKe-12), its 5-year development strategy. Embedded within this plan, an integration of inclusive business initiatives spanning from raising awareness to garnering support from private sectors vis-à-vis their involvement, in pursuit of empowering the B40.

Panel Discussion 3:

Showcasing IB Champions in Malaysia

12:00 – 12:45 p.m. (GMT+8 / Kuala Lumpur Time)

Moderator:

Dr. Armin Bauer

IB Consultant

Panelists:

IB Principal Companies from Malaysia

- i. Mr. Azmi Zainal, Chief Operating Officer, Farm Fresh Berhad;
- ii. Mr. Johari Abu Kasim, Group Managing Director, Star Medik Group Sdn. Bhd.

Questions and Answers (Q&A)

12:45 – 1:00 p.m. (GMT+8 / Kuala Lumpur Time)

Closing Remarks

1:00 – 1:30 p.m. (GMT+8 / Kuala Lumpur Time)

Ms. Hilyati Muhammad Nasir

Director, Policy Monitoring & Inclusive Development Division, SME Corp. Malaysia

End of Session