Building an inclusive ASEAN through human-centred, sustainable and resilient partnerships
4 February 2022

Highlights

This document summarises the findings of the webinar on 4 February 2022: “Building an inclusive ASEAN through human-centred, sustainable and resilient partnerships”, organised by the OECD as one of the preparatory meetings for the Ministerial Conference of the OECD Southeast Asia Regional Programme. This document has been developed with the inputs received from the organisations contributing to the webinar, specifically: the ASEAN Business Advisory Council, the ASEAN Secretariat, the ASEAN Foundation, the Inclusive Business Action Network, the Economic Research Institute for ASEAN and East Asia (ERIA) and the OECD Centre for Entrepreneurship, SMEs, Regions and Cities.

1. Southeast Asia is a region of strategic priority for the OECD, because of the rapid economic growth ASEAN has been experiencing over the last decade. Indeed, currently ASEAN has a combined GDP of USD 3.2 trillion and is the third fastest-growing major Indo-Pacific economy after China and India. With the Regional Comprehensive Economic Partnership agreement entering into force in 2022, the ASEAN’s economy is projected to grow by over five per cent per year to become the fourth largest economy in the world by 2030. However, COVID-19 has highlighted how fragile this growth is. The ASEAN Comprehensive Recovery Framework (ACRF) specifically refers in one of its strategies to “advancing towards a more sustainable and resilient future” in order to leave no one behind.

2. Following the COVID-19 outbreak, there is strong political momentum to support more inclusive and sustainable growth (OECD, 2020), and the social economy is a tool to achieve this. The social economy operates in the general interest, provide goods and services in an entrepreneurial and innovative way, and can help integrate individuals, including the vulnerable, in the labour market. The social economy has a focus on economic practices that are sustainable and inclusive: (i) by addressing societal (i.e. social and/or environmental) needs; (ii) by organising economic activities building on local roots, as well as using participatory and democratic governance; and (iii) by working in close co-operation with other economic actors and relevant stakeholders (OECD, 2020).

3. Building back better implies injecting more social responsibility into the economic sphere, for which the promotion of more inclusive and social entrepreneurship models is crucial. There is a need to learn more about how the social economy can contribute to creating more sustainable and resilient growth. Building on 25 years of work, the OECD Global Action “Promoting Social and Solidarity Economy Ecosystems”, funded by the European Union, has been looking at
ecosystems around the world. It has identified inspiring policy examples, which could be shared and replicated. The social economy could help transition towards a more sustainable and resilient economic approach by:

a. **Assisting traditional businesses to better understand societal challenges and how to address them.** Because of its grassroots links, social economy actors have a unique understanding of the local challenges and what works. Sharing this knowledge with policymakers and businesses can help develop models that address these challenges.

b. **Helping traditional businesses become greener and sustainable** (OECD/European Commission, 2022). Generational changes (ERIA, 2021) as well as changes in consumer preferences creating a demand for more responsible and sustainable business conduct, and locally made products, have been gaining ground and this trend will remain. The COVID-19 pandemic has accelerated these trends. Private sector organisations are increasingly looking at how to adopt corporate social purpose. Promoting collaboration between the social economy and traditional business can help mainstream these more social and sustainable approaches.

c. **Innovating and developing products and services itself to address societal challenges.** Social enterprises experiment and implement innovative ways to organise economic activity in a more inclusive and sustainable manner, thereby inspiring responsible practices with the potential to transform the economic system. Social economy can contribute to the initiation and implementation of social innovation (OECD, 2021).

4. **The ASEAN Economic Community 2025 and ACRF have a vision for a resilient, inclusive, people-oriented, and people-centred community.** Inclusive business, social entrepreneurship, corporate and social responsibility, and impact investment have been receiving substantial attention over the last few years. These innovative ways of doing business and financing are of particular importance since most of the ASEAN countries have limited welfare systems combined with income inequality. The social economy has an important role to play in ASEAN and can help strengthen social inclusion and tackle societal challenges. The social economy can also contribute to the Framework for Circular Economy for the ASEAN Economic Community, adopted in 2021 by the ASEAN economic ministers.

a. **The inclusive business concept is relevant to the ASEAN region due to its strong links to global value chains and can have large impacts on poor and low-income people and communities.** 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 (BoP), making them part of the value chain of companies’ core business as suppliers, distributors, retailers or customers (G20, 2015). In recent years, ASEAN has increasingly raised awareness (ASEAN/UNESCAP/iBAN, 2019) through the ASEAN
Inclusive Business Summit: developed relevant policy guidance on a regional level, such as the ASEAN Inclusive Business Framework and the Guidelines for the Promotion of Inclusive Business in ASEAN; as well as implemented national strategies.

b. The social entrepreneurship concept has also been gaining attention in the region, particularly among young entrepreneurs (ERIA, 2021). ASEAN has been advancing with the development of an enabling environment promoting social and inclusive entrepreneurship; however, the progress varies considerably from country to country (ERIA/OECD, 2018). Recent OECD analysis underlines that social enterprises are characterised by a more pronounced entrepreneurial approach – their source of income coming primarily from commercial activities, rather than grants and donations. The growing interest social entrepreneurship has also been followed with the launch of the first ASEAN Social Entrepreneurship Development Programme and a policy webinar to clarify concepts and definitions by ASEAN and OECD in 2021.

5. Governments are called upon to enhance support for collaboration between the social economy and traditional enterprises by creating an enabling environment and the right regulatory framework and incentives, especially for SMEs and social economy actors (OECD, 2021). Specifically the following actions should be prioritised:

a. Increase awareness of the social economy’s role, through awards, competitions and further research on the social economy, social entrepreneurship, inclusive business and related areas in ASEAN. There are still many gaps in policy makers’ and businesses’ understanding of the role the social economy can play.

b. Identify and promote relevant examples of policies and instruments that create enabling ecosystems that support scaling the social economy, inclusive business and social entrepreneurship in ASEAN and globally;

c. Promote collaboration between the social economy and traditional enterprises by creating an enabling environment and the right regulatory framework, incentives and risk reduction facilities especially for SMEs and social economy actors (OECD, 2021);

d. Taking advantage of digitalisation, help develop and promote existing tools that can support accreditation of relevant concepts and help the social economy build its skills and measure its impact to allow it to demonstrate its contribution to inclusive and sustainable growth;

e. Increase collaboration between the OECD and ASEAN institutions on the topic in order to exchange experience and share relevant practices.
Bibliography


