Greening MSMEs: A Pathway Towards Sustainable Economic Growth in the APEC Region

Purpose: Information
Submitted by: Thailand
EXECUTIVE SUMMARY

The green economy cannot be fully achieved without the participation of MSMEs. Greening MSMEs will enhance MSMEs’ competitiveness and improve their market access, while also reducing carbon emissions. However, most MSMEs in the region are not aware of this issue as many of them still believe that green innovation and technology incurs higher costs and requires inaccessible technical expertise. This project seeks to: (a) organize a self-funded APEC forum and a brainstorming workshop to share knowledge and discuss policy recommendations; (b) develop a digital handbook to disseminate the key outcomes to key stakeholders; and, (c) support the APEC Strategy for Green MSMEs as an APEC 2016 Peru deliverable. The forum and workshop will take place in 12 -13 July 2016 in Bangkok, Thailand.

Required Action/Decision Points

It is recommended that Senior Officials:

Be informed about the project.
Greening MSMEs: A Pathway towards Sustainable Economic Growth in the APEC Region

(Submitted by Thailand for information)

1. Background

Green economy is an important issue that APEC has been working on, in order to address the challenges of growing demand on the world’s energy and the resulting climate change consequences, which in turn, shape the new growth patterns. At the global level, the green economy is identified as a means for accomplishing the United Nation’s 2030 Sustainable Development Goals (SDGs). At the regional level, following the adoption of the APEC Growth Strategy in 2010, tremendous efforts have been made to achieve the green economy such as promoting low-carbon and energy efficient technologies and improving natural disaster resilience to mitigate climate-related risks in order to facilitate Micro, Small and Medium Enterprises (MSME) engagement in Global Value Chains (GVCs).

It is important to highlight that the green economy cannot be fully achieved without the participation of MSMEs, which account for over 97 percent of all enterprises in the Asia – Pacific region and are also the great source of innovation and employment. However, more efforts need to be made to raise awareness of MSMEs on the green economy, particularly those in developing economies. In the meantime, it is widely understood that green innovation and technology incurs higher cost and requires technical expertise. For this reason, MSMEs that face financial and human resources constraints may not be able to fully participate in greening activities.

APEC has the role to raise awareness of MSMEs on the green economy by promoting the economic benefits of the green economy to MSMEs, and proving that greening products and processes are not a cost, but a long-term investment towards sustainability. On the one hand, greening MSMEs can help reduce carbon emissions, decrease environmental degradation, improve energy and resource efficiency, as well as enhance food security. On the other hand, this process can enhance MSMEs’ competitiveness by allowing them to utilize modern technologies to develop green business models that enhance their capacity to engage in GVCs, as well as improving their market access, especially when facing emerging international environmental standards.

At the same time, APEC policymakers can create an enabling environment for MSMEs to engage in green activities, such as the adoption of green technologies, compliance to the international environmental standards and socially responsible investment, which would lead to the sustainable and inclusive Asia-Pacific. These instruments may include (a) the establishment of policy frameworks on the green economy (i.e. APEC-wide action plan on green MSMEs, mutual recognition of green certification); (b) financial and legal incentives (i.e. tax incentives, government procurement for eco-friendly products, preferential rate loans etc.); and; (c) capacity-building programs. In addition, best practices for greening MSMEs can be shared by larger to smaller firms to increase their opportunities in engaging in international markets where green standards are widely accepted.

This project, implemented under APEC SME WG, aims at encouraging proprietors of MSMEs to consider the green economy as an approach to access international markets, in order to achieve sustainable growth. The expected outcome of the project will create better understanding for the proprietors of MSMEs, as well as APEC officials, on this issue and will enable them to be more adaptable to international trade and investment, as well as facilitating their integration to ‘greener’ GVCs.

2. Activities

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<thead>
<tr>
<th>Date</th>
<th>Activities</th>
<th>Venue</th>
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<tbody>
<tr>
<td>12 July 2016</td>
<td>APEC Forum on Greening MSMEs: A Pathway towards Sustainable Economic Growth in the Region</td>
<td>Bangkok, Thailand</td>
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<tr>
<td>13 July 2016</td>
<td>Brainstorming Workshop on Greening MSMEs</td>
<td>Bangkok, Thailand</td>
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<td>Technical Visit to a Green Company</td>
<td>TBC</td>
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3. Expected Outcomes

The project aims at promoting the values of the green economy to MSMEs in APEC, while recognizing the importance of creating an enabling environment where MSMEs can take part in green activities in a cost-effective manner. Thus, the outcomes of the project will contribute to the launch of **APEC Strategy for Green MSMEs**, as per APEC 2016 Peru’s priorities. The aforementioned strategy will set clear guidelines for future activities on this issue in APEC such as seminars, research studies and capacity-building programs. Likewise, the project will emphasize the importance of green activities in the revised **SME Working Group’s Strategic Plan** in 2017, and the **Boracay Action Agenda to Globalize MSMEs**.

Also, the other expected medium-term outcome of this project would be to promote the mechanism of APEC-wide mutual recognition of green certification, which could facilitate MSMEs’ engagement in green activities, as well as their access to international markets by lowering the cost and facilitating the attainment of international standards certification.

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