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Review of issues pertinent to the subsidiary structure of the Commission, including the work of the regional institutions: trade and investment

Asia-Pacific Business Forum 2018**

Summary

The present document presents the report of the fourteenth Asia-Pacific Business Forum which was held in Hong Kong, China on 10-11 April 2018.

I. Opening, duration and organization of the session

1. The Fourteenth Asia-Pacific Business Forum (hereafter called the Forum) was held at Cyberport; Hong Kong, China on 10 and 11 April 2018. The Forum was attended by close to 600 participants from government, business, civil society, academia and others. The programme of the Forum is attached as Annex I.

2. The Forum was organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), in close collaboration with and hosted by Cyberport and fully supported by the Innovation and Technology Bureau of the Government of the Hong Kong Special Administrative Region. The ESCAP Sustainable Business Network (ESBN) provided substantive support in the form of speakers and participants.

3. Inaugural and welcome speeches were delivered by Mr. Paul Chan Mo-po, GBM, GBS, MH, JP, Financial Secretary, Hong Kong Special Administrative Region, China; Mr. Mahbubur Rahman, President, ICC Bangladesh; Chairman, ETBL Holdings; President, ESCAP Sustainable Business Network Executive Council; Dr. Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP; and Dr. Lee George Lam, Chairman, Hong Kong Cyberport Management Company and Vice-President, ESCAP Sustainable Business Network Executive Council. Two keynote speeches were delivered by Mr. N.R. Narayana Murthy, Founder,

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Infosys on “Economic transformation through innovation and technology”, and by Mr. Ben Way, Chief Executive Officer, Macquarie Group Asia on “the role of companies in growth and innovation”.

4. The overarching theme of the Forum, “Harnessing Business to Achieve the Sustainable Development Goals through Technology, Innovation and Financing ” was discussed in three plenary sessions, respectively on: “Responsible investment – how can governments and business work together to scale up sustainable investment?”; “Fintech – unleashing a sustainable development revolution”; and “The artificial intelligence revolution – implications for work and society”; a special session on “Digital Silk Road – fostering regional cooperation in technology and finance for the Belt and Road Initiative”; four parallel sessions, respectively on: “Impact entrepreneurship – leapfrogging into the innovative future and nurturing AP-based entrepreneurial ecosystems”; “Business innovations in disaster risk reduction”; “Enhancing social inclusion through disruptive innovations”; and “Smart energy – innovation, transformation and disruption”; and a closing session on: “Way forward – technology, innovation and finance for sustainable development”.

5. Closing statements were made by: Dr. Shamshad Akhtar and Dr. Lee George Lam. A closing keynote speech was delivered by Dr. Victor K. Fung, Group Chairman of Fung Group.

6. Three information sessions were held on the following topics: “Economic outlook and key policy challenges in emerging Asia – fostering growth through digitalization”, involving a presentation on the OECD Economic Outlook for Southeast Asia, China and India 2018 by Dr. Kensuke Tanaka, Head of Asia Desk, OECD Development Centre; “Satellite technology for business resilience in the Asia-Pacific region”, by Mr. Zhang Zu Xin, Chairman, BD International Technology Group; “UNCITRAL E-Commerce Law 2.0: paving the way to our digital future in Asia and the Pacific”, by Mr. João Ribeiro-Bidaoui, Head, UNCITRAL Regional Centre for Asia and the Pacific.

7. Two pre-Forum events were organized:(a) ESBN Task Force Meetings on 9 April 2018 (AM); (b) Fifth Session of ESBN on 9 April 2018 (PM).

II. Conclusions, recommendations and outcomes of the substantive deliberations

A. Opening session

Welcome Statement by Mr. Mahbubur Rahman, President, International Chamber of Commerce (ICC) Bangladesh; Chairman, ETBL Holdings; President, ESCAP Sustainable Business Network Executive Council

8. Mr. Rahman welcomed all participants to APBF and thanked the organizers, sponsors and Government of the Hong Kong Special Administrative Region for the excellent arrangements and hospitality offered. He introduced the ESCAP Sustainable Business Network (ESBN) and noted that ESBN is unique in the United Nations as a modality for engaging the business sector. He noted that global growth was improving thanks to trade growth and openness. However, the world continued to face various challenges such as rising inequalities, climate change and rising trade protectionism. He recognized the private sector as an engine of growth and therefore an enabling environment for business should be established. In this context, he warned against trade wars and that in a globalized world trade was not a zero- sum

game. He called for multilateral solutions within existing frameworks such as WTO. He further noted that importance of business as a partner with other stakeholders to achieve the sustainable development goals (SDGs). In this regard, he noted the importance of APBF as a multi-stakeholder forum for that purpose and looked forward to APBF 2019 in Papua New Guinea. He concluded by congratulating George Lam as the incoming acting President of ESBN.

Opening Address by Dr. Shamshad Akhtar, Under-Secretary-General United Nations and Executive Secretary of the Economic and Social Commission for Asia and the Pacific (ESCAP)

9. In her opening address, Dr. Akhtar noted that business plays a leading role in supporting sustainable development, in particular SDG 17 which covers finance, science, technology and innovation. Therefore, deliberations on how businesses can use technology, innovation and financing are essential if barriers to the successful implementation of the 2030 Agenda will be overcome. She observed that the fourth industrial revolution was key to finding lasting solutions to both economic and environmental challenges, providing new jobs and promoting energy efficiency. She highlighted the importance of. artificial intelligence, financial technology, or fintech, and internet of things, and the importance of R&D for achieving the SDGs. In all these areas, there was a need for proper regulation and leaving no one behind. In this regard she noted the importance of Hong Kong as a finance and technology/innovation hub in the region with a strong lead by the private sector though there was scope to invest more in R&D and innovation. A major area for attention for ever country was strengthening the eco-system for innovation and impact investment. In the end, the common purpose was the sustainable development for all. She wished the APBF all success.

Inaugural Address by Mr. Paul CHAN Mo-po, GBM, GBS, MH, JP, Financial Secretary, Hong Kong Special Administrative Region, China

10. In this inaugural address, Mr. Paul Chan welcomed all participants and noted the theme of the APBF was opportune. With regard to financing, APBF was in the right city as Hong Kong provided an excellent environment to business, in particular innovative and high-tech firms. He noted that the government had allocated substantial resources to technology and innovation, including biotech, artificial intelligence (AI), robotics, smart city and fintech. To promote start-ups and digital technology development there was a plan to promote R&D in two specific areas: health care and AI/robotics technology. The Government also planned to launch a technology talent scheme. Improving Internet connection and speed was another priority. Hong Kong was among the top 5 start-up growing centres in the world. He noted the importance of a new model of development with focus on technology and finance, in particular for young people. The challenge was to explore how STI could offer lasting development solutions for everybody.

Welcome statement by Dr. Lee George Lam, Chairman, Hong Kong Cyberport Management Company; Vice-President, ESCAP Sustainable Business Network Executive Council

11. In this welcoming statement, Mr. George Lam provided a background to APBF and ESBN as modalities to engage business and strengthen the role of business in innovation and financing for achieving the 2030 sustainable development agenda, including the 17 SDGs. APBF 2018 provided opportunities to discuss how to make use of digital solutions and alternative business models for achieving sustainable development.

Keynote speech on "Economic transformation through innovation and technology" by Mr. N.R. Narayana Murthy, Founder, Infosys

12. In his keynote speech Mr. Murthy explained the difference between science and technology where technology was developed on the basis of scientific discoveries through engineering. He also noted the difference between inventions and innovations where inventions constituted new products and processes that were not available before while innovations constituted improvements of existing products and processes. National development was aimed at improving the wellbeing of a nation's citizens as measured by the Human Development Index. Technology was important for national development as it improved productivity, comfort, education, healthcare, governance, and reduced costs of products and services and improved the quality of these goods and services. It enhanced the confidence of the poor and with rising development through technology, poverty was reduced. There were two levels of invention and innovation: at micro-economic and macro-economic level. At micro-economic level innovation was taking place in businesses and organizations, both public and private. The fundamental questions were how to do things faster and cheaper leading to higher quality products through proper incentives, rewards, benchmarking, customer consultation and leadership. At macro-level, education and innovation in science, technology, engineering and mathematics (STEM) needed to be improved through identifying clear development challenges and problems, launching STEM competitions and scholarships, reducing the bars for start-up failures, increase interactions between STEM students with those in more advanced countries, establish proper infrastructure, including venture capital funding and invest more in primary and secondary STEM education and revise teaching techniques and way of conducting examinations that focused on problem solving rather than rote learning.

Keynote speech on "The role of companies in growth and innovation" by Mr. Ben Way, Chief Executive Officer, Macquarie Group Asia

13. In this keynote speech, Mr. Ben Way noted that global growth had revived and would continue for the next few years While .the common refrain was that the world was not in good shape, much progress had been made and there had been steady growth over the last 100 years .There was momentum in growth, people lived longer and were healthier, while violence had decreased, in part due to the work of multilateral institutions but also large corporations . Challenges remained such as income and gender inequality and human trafficking/slavery so the world remained imperfect .However, he noted that large corporations in Asia increasingly recognized their responsibility to society and were emerging as innovators providing solutions to development challenges, helped by rapid urbanization which facilitated connectivity and innovation .In addition to large corporations, start-ups and SMEs were also drivers of solutions in the future.

B. Plenary Session1: Responsible investment –how can governments and business work together to scale up sustainable investment?

14. This session was moderated by Prof. Wong Yue Chim, Richard, SBS, JP, Professor of Economics and Philip Wong Kennedy Wong Professor in Political Economy, The University of Hong Kong. A panel consisting of the following speakers made statements: Mr. Tristan Ace, Global Social Enterprise Strategy Lead, British Council; Dr. Ma Jun, Director of the Center for Finance and Development, Tsinghua National Institute of Financial Research; Ms. Angela Bai, General Secretary, China Alliance of Social Value Investment (CASVI); Ms. Tihana Bule, Economist/Policy Analyst, Responsible Business

Conduct, Directorate for Financial and Enterprise Affair, International Investment Division, OECD; and Mr. Stephen Wong, Deputy Executive Director and Head of Public Policy Institute, Our Hong Kong Foundation.

15. The session addressed how governments, private sector and other actors can work together to scale up sustainable, responsible and impact investment. It discussed some of the key first steps to be considered by governments and investment communities, especially those from economies that are at earlier stages in developing policies and strategies in this area. The session also discussed some tools that government has at its disposal for responsible investment, such as legislation and regulation, funding and finance, tax, business development, research and development and education.

16. The main observations, conclusions, recommendations and outcomes of Plenary Session 1 were as follows:

- The global economic and financial crisis had forced a rethink on the role of capital in society and led to an increase in private sustainable, social and impact investment which aimed at improving the world for all. The emphasis was on ensuring sustainability for the future.
- There was a strong business case for sustainable business but too many businesses were still focused on short-term profits.
- Therefore, there was a need for awareness creation on the need to be green and on green investment opportunities.
- While there were many opportunities for responsible investment, the challenge was to measure the actual social impact, in part as there were no common assessment indicators and models .There was also a need for better frameworks and indictors for measuring the social and environmental impact of innovation.
- There was also a need for mandatory disclosure by corporations and financial institutions on carbon footprint to improve sustainable and green investment, such as the ICBC stress tests.
- There were various sets of international standards that helped business ensure RBC and assess impact not only on the company but also on people and planet i.e. the United Nations Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, United Nations Global Compact principles, etc.
- In addition to name and shame of businesses that were not responsible, those businesses that were responsible should be duly recognized and celebrated.
- Collaboration and partnerships among all stakeholders was necessary to mobilize sustainable finance and promote social/impact investment, such as the partnership between the British Council and ESCAP.
- Governments need to create an enabling environment for business to create social value, including through laws and regulations, changing business forms and providing incentives for sustainable investment. Various countries had implemented legal requirements on due diligence.
- In addition, governments could promote sustainable development through public procurement policies, enforcing responsible

business conduct (RBC) standards in public enterprises as role models and reducing corruption. Public enterprises should provide the standard for responsible business.

- Public funds must be used to crowd in private funds for sustainable investment.
- There was a strong need for policy advocacy on sustainability, including by business for instance to highlight the strong interlinkages between climate change and financial stability.
- Financial institutions should be green across the board and should have mechanisms in place to assess green projects, in particular as there was a huge demand for green asset managers**.** However, asset managers needed assistance in assessing green investments and reduce risks. Sustainable stock exchanges could also help in promoting and mainstreaming green investments.
- There was a need to distinguish between real sustainable and responsible enterprises and those that pretend to be for marketing purposes.

C. Plenary Session 2: Fintech –unleashing a sustainable development revolution

17. This session was moderated by Mr. Pat Woo, Partner, KPMG, who also presented the conference special publication titled "Fintech: a game changer". A panel consisting of the following speakers made statements: Mr. Nurlan Kussainov, CEO, Astana International Financial Centre (AIFC), Kazakhstan; Mr. Phang Yew Kiat, Vice Chairman & CEO, Chong Sing Holdings FinTech Group Ltd.; Mr. Frank Tong, Global Head of Innovation and Technology Investment, HSBC; Mr. Alex Kong, Founder and Group CEO, TNG.

18. The panel discussed the following topics:

- How can fintech help developing countries leapfrog into the new economy
- What regulatory developments are there with regards to Fintech?
- What would be the desirable outcomes of new developments?

19. The main observations, conclusions, recommendations and outcomes Plenary Session 2 were as follows:

- Fintech is a frontier technology that is a product of digital "evolution" that helps promote financial inclusion and therefore has strong links with sustainable development. It has the ability to disrupt traditional bank services but also can be used to reach the unbanked population in developing nations. It has many different components, including lending, resource mobilization, blockchain, payments, insurance, remittances, asset management, etc.
- Fintech particularly contributes to SDGs 8,9 and 10 but also SDG 5, as for microfinance loans, women entrepreneurs have better repayment records and, as such, large amount of these loans are made to female entrepreneurs running micro and small businesses.
- Fintech has huge opportunity to bank the unbanked, including through mobile banking but it is important to understand their needs and culture and lack of financial and digital skills. They need a lot of

help and education little by little to avoid confusing them.

- Fintech can also pool large amounts of money from small contributions, as demonstrated by Ali Baba's Yuebao money market fund which rose from small amounts to the world's largest money market funds.
- Fintech has huge market potential, serving customers around the clock and helping developing countries leapfrog into the digital age (as witnessed, for instance by the establishment of the Astana International Financial Centre)
- Fintech also faces risks and challenges such as the lack of an appropriate regulatory framework, fraudulent operators, financial literacy concerns, cybersecurity, risks of financial crisis, and lack of fintech skills and talents. It was important to have the right people with the right skills to manage the risks.
- Sandboxes can help develop the space and regulatory requirements for fintech.
- Fintech needs to be customer centred and therefore it requires an appropriate level of customer protection through regulation.
- Start-ups in fintech can be helped by linking them as suppliers and innovators to banks.

D. Plenary session 3: The artificial intelligence revolution – implications for work and society

20. This session was moderated by Prof. Barbara Meynert, Senior Advisor, Fung Group; Chair, ESBN Task Force on Digital Economy. A panel consisting of the following speakers made statements: Dr. Andy Chun, Associate Professor, Department of Computer Science, City University of Hong Kong; Mr. Yam Ki Chan, Head of Public Policy and Government Affairs, Hong Kong and South Asia Frontier, Google; Mr. Scott Likens, Emerging Technology Lead, US & China, PwC; and Mr. D. Christopher Keil, Managing Partner, Tranzcip.

21. The panel discussed the following topics:

- What does AI mean for work and inclusion?
- What can be done to ensure that no one will be left behind in the age of continuous disruption?
- What will be the impact of AI on inequalities among countries and within countries?
- How can AI be deployed to contribute to a sustainable future, specifically towards achieving the 2030 Sustainable Development Agenda?
- What kind of society can be envisaged by 2030?

22. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- AI is software that does not require a container such as a robot.
- There are different calibers of AI ranging from simple technologies such as Google search to sophisticated artificial narrow intelligence

such as imaging and speech recognition, i.e. smart but not as smart as human beings (artificial general intelligence).

- AI has broad benefits to society and helps solve messy problems associated with achieving the SDG in many areas, for instance in healthcare through disease diagnosis and prevention and reducing the time and costs constraints for people to see doctors; agriculture and energy, transportation and statistics based on big data. Machine learning can make educational videos available in many languages to millions that are visually or hearing impaired.
- AI is already the future and has vast potential for investors. It is already applied in many manufacturing sectors such as automotive. The next stage is deep and machine learning and then neural networks. These developments require vast amounts of venture capital funding with vast potential for high returns
- Development of AI and the use of AI platforms requires trust from society and users. Moreover, it has potential to displace many jobs and therefore requires major adaptations of human beings. Super intelligence has massive potential benefits but unless carefully managed there is also reason to be concerned.
- Optimum use of AI requires fundamental changes in school and training curricula as it will create new jobs as well, such as data scientists.
- It will take a long time before AI is smarter than humans and even more for it to have the emotions of humans. However, AI may not need emotions in order to be intellectually superior to humans. In the meantime, environments need to be created for workers that are conducive to promote creative thinking that computers are as yet not able to do. Ways and means to make humans smarter should also be explored.
- One concern is the use of AI to control social behaviour, commit fraud and steal people's private information. It also has massive and potentially scary implications for the development of the defense industry and warfare. Governments and business have to set the parameters for how to use big data and ensure that AI contributes to achieving sustainable development while carefully managing its potentially negative implications.
- While AI has normally been associated with algorithms based on data and pattern recognition, recent advances (such as with Alphazero) show that it is possible for machines to learn and self-improve even without data. It is too soon to say whether this kind of machine learning will be limited only to the domain of games or will have wider applications.
- AI could have the potential to further increase the digital divide between countries.

E. Introduction to Day 2

23. Ir. Allen Yeung, Government Chief Information Officer, Innovation and Technology Bureau, Hong Kong Special Administrative Region, China delivered a statement introducing day 2 of APBF highlighting the needs for Hong Kong to become a major ICT hub and smart city. In this statement he emphasized the need for superior ICT and electricity infrastructure to ensure high speed internet access. He further noted that e-commerce was developing

very fast in Hong Kong. Therefore, it was important for Hong Kong to be connected with the rest of the world through submarine and overland cable systems and satellites which were all being expanded. Hong Kong also played an important role in the maritime digital silk road linking it with Paris. Apart from ICT infrastructure, data platforms such as cloud computing, AI and big data needed to be improved. Lastly, there was a need for innovation driven industry, including fintech, mobile payment and social media. Hong Kong was also developing as a smart city governed by a Steering Committee on Innovation and Technology and a Smart City Office. He informed the Forum of the Internet Economy Summit starting 12 April 2018.

24. Following the introduction to day 2 session, a cocktail reception and gala dinner was organized.

F. Special Session: Digital Silk Road –fostering regional cooperation in technology and finance for the Belt and Road Initiative

25. This session was moderated by Mr. Alfred Romann, Contributing Editor, China Daily Asia Pacific .Mr .Zhou Li, Publisher & Editor-in-Chief, China Daily Asia Pacific introduced the session .A panel consisting of the following speakers made statements :Dr .Li Shan, CEO, Silk Road Finance Corporations Ltd.; Dr .Margit Molnar, Chief China Economist, OECD; and Mr .Carson Wen, President and Chairman, Bank of Asia, British Virgin Islands and BOA Financial Group, Hong Kong, China.

26. This session focused on 3 dimensions for propelling the Digital Silk Road:

- Regional trade development
- Big data hub facilitation
- Redefining the supply chain

27. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- Though BRI is a Chinese idea it is not driven by ideology and it is meant to benefit the world.
- BRI is not just trade, investment and infrastructure and goes beyond any kind of economic partnership. It will bring productivity and growth effects through various channels,in particular coordination/cooperation at various levels, including harmonization of IPR related legislation.
- The digital silk road is indispensable for an effective and efficient BRI. The digital silk road envisages a common infrastructure for digital services (e.g. optical fibres, satellites) supported by the right policies/laws and treaties to ensure smooth information flow along BRI. The lay-out of such infrastructure and required legislation is challenging though. For instance, one issue is whether, how and at what rate to tax digital corporations and e-commerce transactions.
- BRI and the digital silk road would benefit less developed regions and countries, in particular through digital connectivity and would help converge productivity across provinces of China and countries.
- There are many trade and investment barriers to an effective BRI, including the existence of many national currencies, and the challenge is to bring down those barriers. Digital finance (fintech)

could provide solutions in this regard.

- The use of digital technology in finance may provide an avenue to address the challenges that prevent greater cooperation among BRI economies. The use of borderless digital banking, for example, could make it easier to extend banking services to those who need them throughout Asia.
- It would be most efficient to have one single currency or a common digital/crypto currency for the whole BRI area, but legal issues need to be resolved, in particular to avoid fraud and strengthen cybersecurity. Hong Kong would be ideal to start such a currency through a sandbox ecosystem.
- There are also experiments in Kazakhstan through the Astana International Financial Centre, which is a fintech hub based on English common law promoting financial inclusion.
- Harmonization of monetary and fiscal policies would be desirable but difficult.
- BRI and digital silk road implementation would require a drastic upgrade in digital skills starting at basic education and vocational level. There is a significant gap in digitization of BRI economies and even within the economies themselves between rural and urban areas.
- Economic corridors at subregional level are supporting BRI, such as the East-West Economic Corridor in the Greater Mekong Subregion and the Greater Bay Area in Guangdong.
- Greater cooperation could lead to greater productivity and a significant growth effect.

G. Information Session 1: Satellite Technology for Smart City Development in the Asia-Pacific region

28. Mr. Zhang Zu Xin, Chairman, BD International Technology Group Ltd., delivered a briefing on how satellite technology could contribute to disaster risk reduction (DRR), giving examples of the Integrated Meteorological Observation System of China; the commercial satellite-based DRR service; and outlining the potential of satellite technology in construction of smart cities.

H. Information Session 2: UNCITRAL E-Commerce Law 2.0: Paving the way to our digital future in Asia and the Pacific

29. Mr. João Ribeiro-Bidaoui, Head, UNCITRAL Regional Centre for Asia and the Pacific, made a briefing on the United Nations Commission on International Trade Law and its conventions, model laws and explanatory texts in regard to e-commerce and its advantages and relevance to the SDGs.

I. Information Session 3: Information session 3: Economic outlook and key policy challenges in emerging Asia – fostering growth through digitalization

30. This session was moderated by Mr. Marc Proksch, Chief, Investment and Enterprise Development Section of the Trade, Investment and Innovation Division of ESCAP. Dr. Kensuke Tanaka, Head of Asia Desk, OECD Development Centre, made a presentation on the OECD Economic Outlook for Southeast Asia, China and India 2018 with the theme of "Fostering growth through digitalisation". The presentation focused on how digitalization drives

new ways of doing business and affects trade and productivity. He also noted that broad and responsive strategies would be needed to foster inclusive growth through digitalization. A panel of the following speakers made statements: Mr. Aung Naing Oo, Director General of Directorate of Investment and Company Administration(DICA), Ministry of Planning and Finance, Myanmar; and Ms. Pamela Mar, Director, Supply Chain Future - Fung Academy, Fung Group.

J. Parallel session 1: Impact entrepreneurship – leapfrogging into the innovative future and nurturing AP-based entrepreneurial ecosystems

31. This session was moderated by Mr. Pedro Eloy, Chief Executive Officer, Pelham Grey; Founder, Businesslab HKU MBA; Chair, ESBN Taskforce Youth & Women Entrepreneurship. A panel of the following speakers made statements: Mr. Ron Kwok, Partner Channel Development at Microsoft; Mr. Joseph Sung, Founder and CEO at HobaBike; Dr. Val Mitchell, Senior Lecturer, Programme Director for MA User Experience Design, Loughborough Design School; Mr. David Yeung, Founder of Green Monday; Ms. Adriana Lica, Lead at HSBC PayMe; Mr. Raymond Mak, Co-Founder, Farmacy HK; Mr. Miguel Cordeiro, CEO at Media Invest; Ms. Zha Agabe-Granfar, Director at Verge Ltd; Dr. Garrath T. Wilson, Lecturer in Industrial Design, Loughborough Design School.

32. Focusing on Sustainable Development Goals (SDGs) 17 (Partnerships for the Goals), 5 (Gender Equality) and 8 (Decent Work and Economic Growth), this session focused on impact entrepreneurship, convening entrepreneurs and experts actively contributing to Asia-Pacific local and regional entrepreneurial ecosystems. The dialogue also focused on youth entrepreneurship leapfrogging and regional economic growth, through both intrapreneurship and startup-corporation approaches, leveraging on technology and innovation. This session noted achievements in a variety of industries and explored how corporations, startups, SMEs and academia can contribute to SDG 10 - reduced inequalities.

33. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- Impact entrepreneurs are driven by a desire to “push the world forward” and be engaged in businesses that make people’s lives easier and creating a better place for current and future generations.
- Impact entrepreneurship can be nurtured at the corporation (intrapreneurship), startup and SME and at the catalyst level (academia, associations, governments and other organizations).
- It is recognized that the power of entrepreneurship, mixed with technological disruption, is creating an exponential acceleration in local, regional and global productivity.
- However, start-ups, including impact entrepreneurs face various challenges, such as access to funding, market access, growth and expansion, access to and effective utilization of technology. These challenges are even bigger in Pacific Islands (Verge).
- The number of entrepreneurial training programmes that incorporate social/sustainable components are increasing. Success metrics include financial performance and social impact beyond just profit itself.

- It was important to nurture transnational collaboration and entrepreneurship programmes for capacity building and promote innovation through pooling mixed-skills, including the establishment of transnational launch pads for the sharing of ideas.
- Corporations are innovating from within and creating new business models through an "intrapreneurial" approach. As such, they are contributing to local entrepreneurial ecosystems. They note the importance of setting up cross-disciplinary teams and hire younger people to "connect, relate and understand new customers", such as HSBC via its PayMe programme.
- Corporations can impact local and regional communities through the implementation of a variety of youth programmes. For instance, Microsoft links up with start-ups to empower them to launch their own products.
- Start-ups can be key drivers in the supply chain, as demonstrated by Green Common, which is a food-focused company that tries to implement an environmental and sustainable business model.
- There was a need for more and better local incubation programmes for young people wishing to become intra/entrepreneurs to prepare them to face current and future challenges (Pharmacy HK).
- SDGs such as SDG 4 (education) and SDG 9 (innovation) are important base pillars for successful entrepreneurial ecosystems. Their achievement would help aspiring entrepreneurs and students to benefit from cross-border/cross-discipline innovative curricula. In this context, it was also important to promote education and training in sustainable design and user experience so that entrepreneurs are in-tune with the current dynamic social landscape and their customers' needs (Loughborough Design School).
- In this regard, innovations in both the physical (such as bike sharing) and the digital (GPS tracking, autonomous locking system) areas could be combined (Hobabike).
- Innovative start-ups are contributing to the creation of new industry/themed regulations, policies and standards.
- It was important to use digital ecosystems to connect local businesses to global market (MediaInvest). One example was virtual/3D exhibitions and fairs which had the potential to quickly connect businesses to various regional and global markets for business, partnerships and education purposes.

K. Parallel session 2: Business innovations in disaster risk reduction

34. This session was moderated by Mr. Asif Ibrahim, Vice Chairman, Newage Group of Industries and Chair of the ESBN Task Force on Disaster and Climate Risk Reduction. A panel consisting of the following speakers made statements: Mr. Puji Pujiono, Senior Programme Officer, ESCAP Asian and Pacific Centre for the Development of Disaster Information Management; Mr. Heru Prasetyo, Founder and Chairman of the Board of Patrons, Indonesia Business Link; Mr. Shazali Sulaiman, Chairman, The Brunei Darussalam International Chamber of Commerce and Industry; Mr. Richard Welford, Chairman, CSR-Asia, member of Private Sector Alliance for Disaster Resilient Societies; Ms. Winnie Koh, Business Development Manager, Asia Pacific, DHL Resilience360, DHL Customer Solutions & Innovation, Deutsche Post DHL Group; Mr. M. Emdadul Haque, Executive Member, Bangladesh Economic Zones Authority, Prime Minister's Office, Bangladesh.

35. This session addressed the question of "How the private sector can contribute to disaster risk reduction through innovative strategies and solutions to manage disaster risks in capital investments, supply chains and operations?"

36. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- Though business plays an important role in development in the Asia-Pacific region, it is vulnerable to risks from natural hazards and disasters. While businesses accept the importance of business resilience as a principle, they need more practical applications to improve resilience.
- The business sector and its innovative capacity can help in designing innovate strategies to bolster civil defense in disaster management.
- There are golden opportunities, in the aftermath of major disasters, for governments and business actors to innovate business roles in risk reduction. However, in the absence of sustained support, such innovations are often sporadic and short-lived.
- Government, business associations, chambers of commerce, and academics could serve as platforms for business innovations in resilience building. In some cases, such as the Brunei Chambers of Commerce, there is a need to broaden the mandate to be able to incorporate risk reduction in the corporate agenda.
- It is imperative that governments come up with an enabling environment such as proper regulatory framework and incentives to encourage business innovations in integrating disaster and climate risks into their strategies and operations
- Business associations, such as the Indonesian Business Links. Increasingly recognize the significance of multi-sectoral partnership in promoting business innovations for resilience building.
- An example of how larger corporations can innovate to build resilience is DHL Asia-Pacific which uses its Resilience 360 Programme in mapping out risks and helping companies in their supply chain to convert information into tools for managing risks, and building their capacity for resilience, including adoption of disaster alert trigger mechanisms.
- The ESBN Taskforce on Disaster and Climate Risk Reduction is an avenue to identify and advocate innovations for disaster risk reduction involving business and for working with governments to formulate proper regulations. An example is the working paper on "A Roadmap to Business Engagement in Disaster Risk Reduction in Asia and the Pacific", which serves as a spark to promote discourse regarding business resilience.
- The Taskforce also play key role in advocating policy innovations in promoting business resilience through several regional events such as the Asian Ministerial Conference on DRR, Asian Resilience Conference, a SAARC regional workshop, and preparations for APBF 2019 in Papua New Guinea.
- While business innovations are yet to be elevated to become normative, there are already lessons and good practices both in business and among government institutions. Civil Society

platform such as CSR Asia facilitates the promotion, networking, and sharing of innovations in business resilience.

- Regional platforms such as the Asian and the Pacific Center for the Development of Disaster Information Management (APDIM) are needed as a repository of tools, methods and good practices and their sharing of business innovations with other stakeholders, as well as in elevating those into capacity development programmes.

L. Parallel session 3: Enhancing social inclusion through disruptive innovations

37. This session was moderated by Mr. Akash Bhavsar, Managing Director, Skyquest Technology Group; Chair, ESBN Task Force on Innovation and Competitiveness. A panel consisting of the following speakers made statements: Dr. Jeong Hyop Lee, Senior Advisor, Science Technology and Innovation Policy Institute (STIPI), King Mongkut's University of Technology Thonburi (KMUTT), Thailand; Mr. Francis Ngal, Founder & CEO, Social Ventures, Hong Kong; Ms. Shriya Damani, Founder & Z Chief, SDGZ; ESBN Member.

38. This session discussed best practices, ideas & approaches with regard to disruptive innovations for enhancing social inclusion and the strategies that could be implemented by organizations.

39. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- Social inclusion refers to participation of all groups in society, regardless of age, ethnic origin, gender etc. on an equal basis. The challenge is to make social inclusion sustainable and productive. Disruptive innovation is about democratizing technology, solutions, approaches so that they become more accessible and affordable, hence being inclusive.
- Innovation eco-systems do not exist at the bottom of the pyramid and therefore need to be established to be conducive to entrepreneurship among the poor. Poor people have momentum but often lack chances, access to information, and a sense of meaning and dignity. Another obstacle is the lack of resources and expertise so challenges need to be prioritized.
- The definition of “inclusive innovation” is any innovation that leads to affordable access to quality goods and services creating livelihood opportunities for those at the bottom of the pyramid on a long-term sustainable basis.
- It was noted that the term “bottom of the pyramid” which refers to economically disadvantaged people can be misleading. It diverts attention from the resources that economically disadvantaged people possess, such as knowledge, ethics, institutions, or innovation.
- It was also noted that National Innovation Systems alone cannot generate innovations for inclusive development if the reliance is placed only on the formal sector. By building the bridge between the informal and formal sector, several opportunities can be created for the socio-economic development of the poor, minorities and other disadvantaged segments of the population.

- The innovation ecosystem and policies of countries in the Asia-Pacific region and best practices need to be shared and adapted amongst countries at different levels of development to suit their respective needs. One example was the Sustainable Agriculture model developed in Myanmar which was adapted to suit the needs of Cambodia and Lao PDR. Another example was the collaboration between Grassroot Innovation Augmentation Network (GIAN) and Honey Bee Network of India with the objective of setting up twin centres for grassroots innovation and their collaboration with Tianjin University of Finance and Economics (TUFE), China to establish the China Innovation Network for encouraging grassroot innovations in India and China. The Network would also explore various issues such as how the pursuit of innovation as public goods can be harmonized with the protection of intellectual property rights).
- Open innovation approaches have to be harnessed to identify and proliferate the disruptive solutions that can address the challenges related to water, energy, environment, health and sanitation, etc. One example is bio-toilets using microbes to degenerate and human sewage from toilets in a decentralized way, to solve the health and environmental risks in rural India, especially for women. Similarly, disruptive and innovative solutions need to be identified and promoted across countries towards meeting individual SDGs.
- A key step for successful disruptive innovation is to identify a specific problem. In particular, business solutions need to be found to address these problems related to social inclusion, such as affordable transportation, communication and housing.
- Youth-based open innovation would require integration and collaborative platforms involving universities and local industries that promote cooperation and partnerships and discuss problems across all social strata with the purpose of identifying solutions. Youth has an essential role to play in inclusive innovation-led sustainable development.
- Technology alone is not sufficient to solve problems. Proper business models will have to be built also. Systemic support and strategic interventions are also needed to guarantee success in identified areas. However, new solutions need to be scaled up to have bigger impact and be real game changers.
- It was important to design methodologies to measure the impact of inclusive innovations. In this context, the concept “Exit from Poverty” was presented. This means helping beneficiaries to raise themselves from subsistence level to self- sufficiency level. One example was the Social Venture in Hong Kong, China, which provides low-cost housing and livelihood creation and offers opportunities for urban homeless poor to increase their earnings as well as self-esteem.
- Scaling up of social inclusion projects and ventures still remains a challenge and there is limited availability of capital. In this regard, the importance of collaboration and knowledge sharing were emphasized, while there was a need to move away from the distinctions of “for-profit” vs. “not-for-profit” towards “for-purpose” or “not-for-purpose”. Success stories of “for-purpose” ventures, which would apply business procedures with a social mission, striving to achieve a particular social purpose would

encourage more entrepreneurs to work on problems that would contribute towards social inclusion.

- The key to achieve inclusive growth is to develop ecosystems that ensure collective impact and promote collaboration between businesses and society. Private sector needs to think about disruptive and inclusive innovations in order to reduce inequalities.

M. Parallel Session 4: Smart energy – innovation, transformation and disruption

40. This session was moderated by Mr. Bruce Hicks, Chairman, Asia Clean Capital Ltd. A panel consisting of the following speakers made statements: Ms. Lena Hansen, Managing Director, Rocky Mountain Institute; Mr. Geert Peters, Executive Director & Chief Finance Officer, CLP Holdings; Mr. Guruprakash Sastry, Regional Head – Infrastructure & Green Initiatives, Infosys.

41. This session considered how energy production and supply is evolving: renewable vs. conventional technologies, distributed vs. centralized production, energy storage, energy trading, demand management, market liberalization and other factors that are driving this evolution. The session also discussed the opportunities that this disruption is creating for new/evolving energy infrastructure and more sustainable development in the Asia Pacific region and what is needed from industry, government and the community to realize these opportunities.

42. The main observations, conclusions, recommendations and outcomes of the session were as follows:

- The electricity sector has until now undergone relatively little change, but this is changing, with renewables growing extremely quickly and energy efficiency measures implemented at incredible rates.
- Forecasts for renewables continue to be revised up, with solar and wind growing very fast. For example, since the year 2000 there was a 19-times increase in solar energy production. High renewable power penetration is already becoming the norm in many European economies.
- At the same time in many places demand forecasts for electricity continue to be revised down. The result is greatly declining investments in both fossil fuels and renewables, but increased capacity in renewables.
- These changes will require changes in the way we need to think and plan regarding dominant energy resources and appropriate models for going forward, including required policies and regulations, and business responses that can make this change possible. In this regard, two options are possible: (1) integrated grid, or (2) grid defection. It requires thinking about how a market that integrates distributed resources, like distributed solar, etc. should look like.
- For companies to increase energy efficiency there are two ways. The easy way is to buy green power and become carbon neutral. The less easy way is to first minimize energy use before getting the rest from renewables. Infosys did the latter, and with various strategies such as smart building design (architectural design, fixtures, lighting, aircon, etc.) achieved a 53% reduction in electricity use, while at the same time growing its employment.

- There is a tremendous opportunity to do what Infosys has done across the entire building stock in China, as 80% of the stock that will exist in 2050 has not yet been built.
- While India gets 32% of electricity through renewables, the major portion is still generated from coal power plants. However, the opportunity to improve efficiency in those plants is big as such plants are currently operating below full capacity. Moreover, transmission and distribution losses in the grid in India amount to about 20%. Smart energy management, including adoption of smart grids, online monitoring, metering and analytics, e.g. of load patterns, etc. would go a long way in reducing transmission and distribution losses. Establishing an integrated grid would also be helpful in this regard.
- Regulators and utilities need to move from reactive to proactive approaches and to be part of the required change. This will require different people, different customer interaction, smart assets and asset management, and smart stakeholder and government engagement. If utilities over-invest in assets the power price will increase faster than in other cities, but with technology (e.g. smart meters), utilities may be able to displace power use from one period to another, so that less installed power is needed. Most technical solutions already exist, but the administrative barrier still a significant barrier.
- The UN can give progressive guidance on energy market structures and promote multi-stakeholder dialogues to identify appropriate solutions.

N. Closing Session

Closing Keynote Speech by Dr. Victor K. Fung, Group Chairman of Fung Group

43. In his closing keynote speech, Dr. Victor Fung observed a new trend called digitalization along with globalization. He noted that the global economy was doing very well but there were worries about rising protectionism. He pointed out two narratives regarding globalization. Under the first narrative, globalization was under retreat with trade and financial flows stagnating. Under this narrative, trade was still below historically high levels despite a recent modest revival. New nationalism was on the march both in the European Union and United States, based on the argument that globalization had benefited the elite but not the masses and therefore governments have to resort to protectionism and walk away from global rules and globally shared goals. He argued, however, that multilateralism should not be abandoned but be repaired as it was still the best way forward for humanity. Trade wars would harm everybody and should be avoided. The world had seen a dramatic increase in consumers who would all be hurt by a trade war.

44. The second narrative emphasized increasing globalization driven by rapidly increasing connectivity based on digitalization of the world. People were digitally connected but also travelled more with a massive increase in global tourism every year. The sharing economy was another aspect of the new globalization based on digitalization of global supply chains. Therefore, digitalization was replacing globalization as the new trend. The digital divide was reduced because the cost of computing and storage had fallen to almost zero. Digitalization had caused substantive changes in global structures and threatened traditional labour and traditional manufacturing and retailing. New

effective models had yet to be identified to deal with digitalization. At the same time the Internet and mobile telecom offered new opportunities for consumers and jobs and had broken down international borders and fragmented markets. Consumers had become much more demanding requesting immediate delivery.

45. He concluded by presenting some basic questions. What are the new challenges for jobs and economic development? How can the process of digitalization be harnessed to enhance welfare and prosperity for all and achieve sustainable development? How can economic nationalism be reversed? He noted that there were no easy solutions but that the world was at a critical juncture and needed to find the answers. In this regard, the United Nations SDG framework provided some guidance.

Closing Address by Dr. Shamshad Akhtar, Under-Secretary-General of the United Nations and Executive Secretary of ESCAP

46. In her closing address, Dr. Akhtar noted that APBF had highlighted the positive contribution business is making to sustainable development through the means of implementation. In particular, four points stood out. First, there was a resounding recognition of the importance of governments and businesses working closely together to build responsive frameworks for environmental, social and corporate governance. Second, there was a need for scale to have bigger and wider impact of innovation and increase private investment in the SDGs. Third, financing for green and inclusive businesses will be crucial to support the growing infrastructure needs, especially in disaster risk reduction and climate change management. In. Fourth, the private sector had to take the lead in pursuing sustainable development and adopt responsible business conduct despite barriers including business focus on short-term profits and growing nationalism and protectionism. She warned against economic nationalism as business could only prosper in open economies.

47. She noted the importance of two particular areas of innovation. The first was fintech, which could support the increase of financial inclusion in Asia and the Pacific and provide banking services to the unbanked. It also has the potential to tap the resources of many people at lower income levels. The second was artificial intelligence which, combined with accurate data, has great potential to create benefits in many areas such as healthcare, agriculture, etc. It was necessary to harness the power of these frontier digitalization technologies for the greater good, raise awareness, and establish proper regulatory frameworks. There were also concerns about potential job losses and unethical behavior, cybersecurity. Governments must work with business to identify risks and how big data can be used for AI and make AI support sustainable development.

48. She stated that ESCAP as an intergovernmental platform had engaged other stakeholders including the business sector as it was realized that business was essential in securing success in achieving sustainable development. Therefore, ESBN will have to deliver. She informed the Forum that the forthcoming 74th session of the Commission would discuss the issue of inequality, as well as frontier technologies and Asia's role in multilateralism. The participation of business in these discussions was certainly encouraged. She noted that Asia was more globally integrated than regionally integrated as far as trade was concerned, while there was scope to also improve financial and social integration. She also informed the Forum that ESCAP would be further transformed as a think tank. She concluded by observing Hong Kong's impressive record as a financial centre and efforts to pursue sustainable development.

Closing Remarks by Dr. Lee George Lam, Chairman, Hong Kong Cyberport Management Company; Vice-President, ESCAP Sustainable Business Network Executive Council

49. In this closing remarks, Dr. George Lam thanked all sponsors of APBF who had contributed in the spirit of the United Nations ideals. He also thanked David Morris for spearheading the next APBF in Papua New Guinea next year. He further thanked ESCAP and ESBN, and in particular Dr. Shamshad Akthar and Mr. Mahbubur Rahman for their organization of the Forum as a means to achieve the SDGs. He concluded by observing that Hong Kong was at the hub for engaging business across the region for achieving the SDGs. It was also an investment centre, international data hub and hub of the BRI. He looked forward to APBF 2019.