



## Asia-Pacific Business Forum 2006

Jakarta International Convention Centre

Jakarta, Indonesia, 7-8 April 2006

### ***“Public-Private Partnerships for Development in Asia and the Pacific”***

The Asia-Pacific Business Forum 2006 was held on 7 and 8 April 2006 in Jakarta, Indonesia and attended by some 450 participants from governments, the business community, civil society, international organizations and academia. At the official opening session and gala dinner on 7 April 2006, *Mr. Kim Hak-Su*, Under-Secretary-General of the United Nations and Executive Secretary of UNESCAP and *H.E. Dr. Boediono*, Coordinating Minister for Economic Affairs, Indonesia made welcoming remarks and ***Hon. Tun Dr. Mahathir Mohamad*** delivered a keynote address. On 8 April 2006, *Mr. Mohamad Sulaiman Hidayat*, President, Indonesian Chamber of Commerce and Industry (KADIN Indonesia) delivered his opening remarks. *Mr. Narayan NR Murthy*, Chairman of the Board, Infosys Technologies, India, was the morning’s keynote speaker. ***H.E. Dr. Susilo Bambang Yudoyono***, President of Indonesia hosted a dinner on 8 April and delivered a keynote address. Closing statements were made by Dr. Kim Hak-Su; *H.E. Mr. Slamet Seno Adji*, Deputy Minister for Economic Affairs of the State Ministry of National Development Planning on behalf of *H.E. Mr. Paskah Suzetta*, State Minister of National Development Planning Agency (BAPPENAS), Indonesia; and *Mr. Noke Kiroyan*, President, International Chamber of Commerce Indonesia and Co-Chair of the UNESCAP Business Advisory Council.

Two substantive plenary sessions were held during the morning of 8 April 2006: a plenary session on “Strategies to Overcome Impediments to Development”, and a plenary session on “Pacific Connectivity through Public-Private Partnerships”. Heads of State or Government and Ministers of Pacific Island countries participated in this session. During the afternoon, breakout sessions on “Stimulating Development through Public-Private Partnerships” in six areas facilitated lively debate among participants. The main conclusions and recommendations that emerged from the Forum are presented below and will guide ESCAP’s future work. Other organizations may also wish to use these as a basis for further work.

#### ***Meeting with the President: “Managing Development to Diminish Poverty” (Keynote address by H.E. Dr. Susilo Bambang Yudhoyono, President of Indonesia)***

- Forums such as the Asia-Pacific Business Forum are very useful to forge business to business contacts and stimulate business-government dialogue
- In order to stimulate the private sector and attract FDI, macroeconomic stability, legal certainty, high economic growth, and a competitive infrastructure are required
- Indonesia has undertaken substantive reforms to establish a conducive investment climate, including reducing corruption, streamlining bureaucracy, restructuring the banking sector, according national treatment, modernizing the labour market, simplifying tax and customs regulations, and adopting a market-based pricing policy

- Countries need to establish public-private partnerships of a type that fits each country best. Countries should exchange experiences and best practices with public-private partnerships.
- Efforts should be made to establish public-private partnerships at the regional level, including public-private partnerships for regional investment
- Public-private partnerships can focus on the many micro-, small- or medium sized enterprises in rural areas as experience has shown that such enterprises are often more resilient than big business
- The challenge is to find modalities to work together to manage globalization, achieve the MDGs and deal with social problems

***Inaugural address by Hon. Tun. Dr. Mahathir Mohamad, Former Prime Minister of Malaysia***

- Government depends on profitability of the private sector to finance itself through taxation
- Government working with and for business is in fact working for itself
- Malaysia Incorporated is a good example of effective Public-Private partnerships which are conducive to economic growth
- The private sector creates wealth: business activities benefit everyone
- Government has no business doing business
- FDI is important to transfer capital and skills, contribute to government revenue and provide employment and as such it can also stimulate domestic entrepreneurship and investment
- An important aspect of the success of Malaysia's development was the careful selection of potential winners who would receive government support while potential losers did not receive any. This has often been perceived as cronyism but made good sense for Malaysia. The message is that it is important to support winners and let losers go under even though this may be perceived as cronyism

***Opening and Welcome statement by Dr. Kim Hak Su, Executive Secretary of UNESCAP; H.E. Dr Boediono, Coordinating Minister for Economic Affairs, Indonesia; and Mr. Mohamad Sulaiman Hidayat, President, Indonesian Chamber of Commerce and Industry (KADIN Indonesia)***

- Economic growth should be accompanied by environmental sustainability: "green growth"
- Asian and Pacific countries should strive towards regional integration which will result in bigger markets and more efficient trade by the private sector
- The feasibility to establish regional cooperation on the Global Compact to achieve the MDGs and establish a region conducive for business and development should be explored
- Government should do its part through the provision of public services, establishment and enforcement of the rule of law, ensuring transparency of public institutions
- Public-private partnerships should be developed on the basis of common positions on strategies to achieve the MDGs
- Effective public-private partnerships require the implementation of the rule of law by governments and the adoption of principles of corporate social responsibility by the private sector

## SUBSTANTIVE SESSIONS

### *Plenary I: “Strategies to Overcome Impediments to Development”*

#### *Chairs:*

- *Hon. Tun Dr. Mahathir Mohamad, former Prime Minister of Malaysia*
- *H.E. Major-General Janaka Perera, Ambassador of Sri Lanka to Indonesia*
- *Mr. Kim Hak-Su, Executive Secretary of UNESCAP*

*(Address by Mr. Narayan N.R. Murthy, Chairman of the Board, Infosys Technologies, India and member of UNESCAP Business Advisory Council)*

#### **Panelists:**

- H.E. Major-General Janaka Perera, Ambassador of Sri Lanka to Indonesia
  - Mr. Victor Fung, Group Chairman, Li & Fung Group, Hong Kong, China
  - Mr. Richard Sauer, Senior Director, Microsoft Asia Pacific
  - Prof. Emil Salim, Center for Policy and Implementation Studies (CPIS), Indonesia
  - Mr. John Hewson, President, the John Hewson Group, Australia
- The private sector can make an important contribution to economic and social development, not only through the provision of funds but also through sharing of knowledge, expertise and experiences, even though public and private interests do not always converge
  - Public-private partnerships should encompass active dialogues and consultations to adopt long-term strategies for policy and regulatory reform
  - Public-private partnerships should be based on shared principles, commitment, transparency, responsibility and accountability and absence of corruption. They should not result in collusive relationships which result in waste and inefficiency and trigger crises such as the Asian 1997 economic and financial crisis
  - Public-private partnerships are important to address market failure (social and environmental implications) and institutional failure (lack of good governance). Triangular relations should be forged where government regulates, business delivers services and civil society uses the services for sustainable development
  - Experience in various countries shows that public-private partnerships can make an important contribution to enhancing effectiveness and efficiency of traditionally public services such as transport, health, education and other social services
  - Facing huge gaps between infrastructural requirements and financing needs, public-private partnerships could play an important role in channelling existing resources effectively towards productive investment
  - Public-private partnerships are also instrumental in improving access to technology and provision of skills for technology users, including teachers. Active public-private partnerships need to be strengthened in research and development and the protection of intellectual property rights to boost development and adoption of technologies
  - Trade is an important engine of growth and contributes to poverty reduction. Hence, trade liberalization to increase market access is essential. However, it is important that the gains of trade are distributed equitably among and within countries. Furthermore, public-private partnerships should be used to build export capacity
  - Private sector involvement in development is welcomed but it is also important to develop a holistic region-wide approach to such involvement
  - UNESCAP could consider establishing an office to actively promote and facilitate public-private partnerships in the region and assess the social and environmental implications of such partnerships

- UNESCAP could also consider acting as catalyst in forging a regional convention on anti-corruption supported by government, business and civil society

***Plenary II: “Pacific Connectivity through Public-Private Partnerships”***

***Chairs:***

- ***Dr. Kim Hak-Su, Executive Secretary of UNESCAP***
- ***Mr. Wang Keran, Representative, China National Space Administration***

***(Presentation by Mr. Cheng Guangren, President Sino Satellite Communications Company and High Level Panel of Heads of State or Government and Ministers of Pacific Island Countries)***

**Panelists:**

- H.E. Mr. Anote Tong, President of the Republic of Kiribati
  - H.E. Mr. Kessai H. Note, President of the Republic of Marshall Islands
  - H.E. Mr. Redley Killion, Vice President, Federated States of Micronesia
  - H.E. Mr. Kaliopate Tavola, Minister of Foreign Affairs and External Trade, Fiji
  - H.E. Mr. Paul Tiensten, Minister for Trade and Industry, Papua New Guinea
- The application and utilization of information and communication technology (ICT) is fundamental to improving Pacific connectivity and development in general. It is also important in improving governance. In the Pacific, most ICT services are provided by government as they may not be attractive to the private sector
  - The legal and financial environment should be strengthened at national and regional levels to develop and adopt ICT. For this purpose, independent regulatory authorities should be established while competition for the delivery of ICT should be promoted
  - Development of ICT requires action on three fronts: policy, infrastructure and human resource development. Such elements are also contained in a regional Pacific Plan to address ICT issues. Details of the Plan can be found at [www.pacificplan.org](http://www.pacificplan.org). The idea is to develop ICT as a regional public good
  - Other actions to be taken at the regional level include harmonization of ICT legislation and development of mechanisms to ensure universal access to ICT, including in remote areas. Regional synergies should be promoted to establish a regional market
  - Pacific Islands could develop their potential as centres for outsourcing ICT activities, which would require active skills development
  - Technologies to promote Pacific connectivity should be specialized and dedicated to the region, comprehensive in geographic coverage, jointly owned by multiple stakeholders, provide full and seamless coverage with high power, be low cost and be based on a unified application platform
  - In this respect, satellite technology may be more appropriate to improve Pacific connectivity than other modalities such as submarine cables as it is sustainable, affordable and accessible
  - Pacific Island states should negotiate as a group on trade and investment issues related to improving Pacific connectivity
  - In this regard, UNESCAP should provide technical assistance to the Pacific Island states in all trade and investment related matters, including capacity

building for negotiating, concluding and implementing trade and investment agreements.

During the working lunch participants witnessed an impressive signing ceremony of the Global Compact Network in Indonesia in the presence of a significant number of representatives of business, civil society and Government.

***Breakout Session IA: “Development of Transport Infrastructure and Services”***

***Moderator: Mr. Mirzan bin Mahathir, Executive Chairman, Konsortium Logistik Berhad, Malaysia and member of UNESCAP Business Advisory Council***

**Panelists:**

- Mr. Barry Cable, Director, Transport and Tourism Division, UNESCAP
  - Mr. John Moon, Chief, Transport Policy and Tourism Section, Transport and Tourism Division, UNESCAP
  - Mr. Dong-Woo Ha, Chief, Transport Infrastructure Section, Transport and Tourism Division, UNESCAP
- The reduction in transport costs over the past decades is one of the major contributing factors to rapid economic growth in coastal areas of many ESCAP countries
  - The transport sectors in which most of the increases in productivity and cost reductions have occurred were international shipping and seaports
  - The private sector has made significant contributions in both of these areas, while the public sector has been assisting in this process through creating a favourable business environment
  - The challenge is on how these successes can be extended to hinterlands and land-locked countries with the purpose of providing a natural extension of the global maritime transport network
  - Rail transport corridors with efficient arrangements for border crossing and intermodal connections (dryports), providing access for international and regional production networks are very important. Such dryports could also provide a focus for regional economic development thereby supporting poverty reduction initiatives
  - The private sector is encouraged to take note of the business opportunities emanating from the ongoing development of dryports and to engage in public-private dialogues and partnerships to address opportunities and concerns.
  - Governments are encouraged to consider ways in which railways could make a greater contribution to increasing transport network productivity, reducing the environmental impact of the international transport network
  - Governments should create a favourable environment for increased private sector participation in the development of inland transport infrastructure and services

***Breakout Session IB: “Corporate Strategies to Serve the Rural Poor”***

***Moderator: Tan Sri Dato’ Azman Hashim, Chairman, AmBank Group, Malaysia and member of the UNESCAP Business Advisory Council***

**Panelists:**

- Mr. Neil B. Abejuela, President, Celebrate Life Agriventure Phils., Inc., Philippines
  - Mr. Adrian Lake, Bio-Fuels Director, Farnow Environmental Solutions Group, Australia
  - Mr. Ventje Rahorjo, Director External Relations, Bank Rakjat Indonesia
- Involvement of local communities: it is of vital importance that projects addressing social issues address the aspect of profitability and long-term income generation, which requires knowledge of the market, the commodity involved and a network of relations
  - Development of bio-diesel: the key is to identify niche markets for bio-diesel, to have proper standards of bio-diesel and to have a sustained supply of feedstock to make bio-diesel; diversification of inputs for the production of bio-diesel is important. Sustained interaction with all stakeholders to formulate and implement a good policy is necessary. Once a policy has been established, it is likely that market response is overwhelming as attested by the cases of Australia, Brazil and Australia. Policy would seem to be the key in Asian and Pacific countries
  - On micro-credit: the experience of the Bank Rakyat Indonesia with an initial booster micro-credit programme in the 1970s and early 1980s shows that the strict application of transparent and stable banking and savings rules need to go hand in hand with the development of new options for clients, such as ATMs and mobile phone based technology

***Breakout Session IC: “Implementation of Corporate Social Responsibility”***

***Moderator: Dato’ Mohamed Iqbal, Group Executive Director, Farlim Group, Malaysia and member of UNESCAP Business Advisory Council***

**Panelists:**

- Ms. Nuning S. Barwa, Director Research and Development, Martha Tilaar Group, Indonesia
  - Ms. Catharina Widjaja, Director of the Corporate Communications and Investor Relations Department, Gajah Tunggal Group (GTG), Indonesia
  - Mr. Pradipta Bagchi, Global Head of Corporate Communications, Tata Consultancy Services Limited, India
- Sustainable manufacturing of products by using environmentally friendly raw materials, as well as educating the suppliers, stakeholders and consumers about the value of doing so, is vital for the implementation of Corporate Social Responsibility (CSR)
  - Manufacturing of environmentally-friendly products also means that the manufacturing company has a stake in the preservation of the environment, and

thus will make environmental protection part of its core business strategy in order to ensure its long-term sustainability

- Corporate Social Responsibility also requires that a company envisages a long-term relationship with its workers, and thus works to promote a healthy lifestyle among them which is beneficial both for company and its workers
- As workers are convinced about the value of the inputs received from the company, they see themselves as important stakeholders in the process of spreading the message to the community at large, acting as “Change Agents”
- Corporate Social Responsibility can also be seen as an evolving process which often starts as a philanthropic exercise, but gradually matures into sustained use of a firm’s capacities to benefit society
- Technology is increasingly seen as an important tool for implementing CSR, whereby companies use their technological skills to develop products useful for society and advance issues such as education, health and disaster management

***Breakout Session IIA: “Green Business Growth Model to Help Change the Lives of the Poor”***

***Moderators: Mr. Mahbubur Rahman, Chairman and CEO, ETBL Holdings Ltd. and President, International Chamber of Commerce, Bangladesh and member of UNESCAP Business Advisory Council***  
***Mr. Chote Sophonpanich, Executive Chairman, Greenspot (Thailand) Ltd. and member of UNESCAP Business Advisory Council***

**Panelists:**

- Mr. Rae-Kwon Chung, Director, Environment and Sustainable Development Division, UNESCAP
  - Dr. Zhengrong Shi, CEO, Suntech Power Holdings, Co. , Ltd., China
  - Ms. Tri Mumpuni Iskandar, Executive Director, People Centered Business and Economic Institute (IBEKA), Indonesia
  - Dr. David McCauley, Senior Environmental Economist, Regional and Sustainable Development Department, Asian Development Bank
  - Mr. Muhummad Zulfikar, Programme Officer, Environment Unit, Energy and Environment Cluster, UNDP Indonesia
- Today there is an enormous untapped business opportunity in Asia and the Pacific to bring “market driven” and environmentally sustainable technology to the world’s largest number of consumers: the largest layer of the population, those with the lowest income
  - There is a need to develop business strategies that will bring profit by addressing the needs of the poor through a resource-efficient approach in production of goods and delivery of services
  - Provision of environmentally sound technologies will provide options to empower poor rural communities to open up to new income generating opportunities that will allow them to participate in the economy and exit the poverty trap
  - It will improve the quality of life for all of humanity by meeting their basic needs, while reducing pressure on the limited carrying capacity of the earth
  - Multi-stakeholder dialogue will facilitate creating the necessary conducive policy and micro-economic environment at the local and national levels to

remove potential barriers for development and application of green business models addressing the needs of the poor

- These stakeholders include: large corporations and local entrepreneurs, micro lenders and other financial institutions, NGOs and civil society organizations, and central and local governments
- The role of international organizations and development agencies is to disseminate information, raise awareness and replicate good practices throughout the region
- It was also noted that environmental standards are increasingly becoming non-tariff barriers (NTBs) to trade, especially to exports from developing countries to developed countries. In this regard, there is a need for internationally-accepted environmental standards to be applied by all countries which would protect the environment but would not act as a NTB to trade.

***Breakout Session IIB: “Provision of ICT Infrastructure and Services to All”***

***Moderator: Dr. Alexander Rusli, Special Advisor, Ministry of Communication and Information, Indonesia***

**Panelists:**

- Mr. Hiroshi Kawamura, Member, Board of Directors, DAISY Consortium; Japanese Society for Rehabilitation of Persons with Disabilities, Japan
  - Mr. Sang Chul Shin, Executive Vice President, IT Infrastructure Division, National Computerization Agency, Republic of Korea
  - Mr. Johathan Kushner, Global Strategic Accounts Executive - Public Sector, Microsoft Asia Pacific, Singapore
  - Mr. Danang Caksono, Director - Business Development, SpeedCast Ltd., Hong Kong, China
- The partnership between Microsoft and governments in R&D aiming at the provision of equitable and affordable access to ICT, including the development of a local language interface to provide information in local languages, and capacity building activities such as the “rural kiosks” is a good example of a successful public-private partnership in ICT
  - ICT has great potential to meet the needs of marginalized communities as evidenced by the experience of partnership between the DAISY (Digital Accessible Information System) Consortium and government, industry and communities in developing standards and services for people with various disabilities. Under such partnership, the public sector should develop and maintain open standards while the private sector and civil society need to produce and distribute DAISY compliant tools and contents
  - Satellite communication has great benefits in providing information to geographically dispersed and/or remote people
  - As demonstrated by the experience of countries such as the Republic of Korea, the public sector should take a leading role in ICT infrastructure development, including at the initial stage, by establishing national strategies and/or visions and creating an early market by administering pilot projects
  - The public sector should make a roadmap for standards, laws and regulations; identify the actual needs of consumers and encourage the development of technology on demand through effective coordination between industry and R&D communities

- The public sector should keep balance between intellectual property rights and creativity; and encourage open source/open standards to meet local needs
- The private sector should provide initial investment in support of standards and regulatory framework; and share widely lessons learned and sustainable models developed from projects

***Breakout Session IIC: “Strengthening Business Involvement in the WTO/Doha Negotiations and Regional Trade Initiatives, including the Asia-Pacific Trade Agreement”***

***Moderator: Mr. Victor Fung, Group Chairman, Li & Fung Group, Hong Kong, China, and member of UNESCAP Business Advisory Council***

**Panelists:**

- Mr. Wang Jinzhen, Assistant Chairman, China Council for the Promotion of International Trade, China
  - Mr. Suthad Setboonsarng, Pricewaterhouse Coopers Legal & Tax Consultant Ltd., Thailand
- For the effective promotion of trade, priority should be given to the universal, rule-based, non-discriminatory, equitable and predictable multilateral trading system with more active involvement of the business sector
  - A successful outcome of the Doha Development Round addressing major development concerns is in the benefit of all
  - However, for a successful conclusion of the Doha Round, political commitment and sacrifices of all negotiating parties are required, including in agriculture
  - It is also important that countries recommit to the multilateral trading system and that the benefits of the MTS are better and more aggressively publicized and marketed. In this context, research can play an important role in providing evidence on costs and benefits of both the MTS and regional trade agreements (RTAs)
  - RTAs have the potential to undermine the multilateral trading system but can be complementary to the multilateral trading system and promote intraregional trade provided they are comprehensive in scope and deep in commitments, broad in membership, have flexible rules of origin and contain provisions for trade facilitation
  - National negotiation positions should be formulated on the basis of effective national dialogues between government, private sector business, civil society and other stakeholders
  - The Asia-Pacific Trade Agreement has the potential to evolve into a truly pan-Asian-Pacific Trade Agreement incorporating a wide range of economic cooperation areas, but in order to fulfil that role it needs strengthening in terms of depth and scope and expansion of membership
  - Developing countries can benefit from the establishment and expansion of global supply chains for the diversification of their export sector