

ANNEX B: APEC STRATEGY FOR GREEN, SUSTAINABLE AND INNOVATIVE MSMEs

1. The APEC Strategy for Green Sustainable, and Innovative MSMEs will serve as guidance for APEC policymakers to create an enabling environment for MSMEs to engage in activities, such as the adoption of green technologies, the use of eco-friendly packaging materials and design, the compliance with international environmental standards and socially responsible investment, which would lead to a sustainable and inclusive Asia-Pacific. The Strategy will also outline future plans for activities on promoting green and sustainable MSMEs by different APEC fora.

2. We encourage APEC member economies to consider the following actions

a. Raising green awareness for enhancing competitiveness among stakeholders

We are aware that smaller enterprises tend to focus mainly on economic benefits, but could benefit from better understanding social and environmental impacts. We recommend member economies to promote green awareness among stakeholders by:

- Providing appropriate information and guidance on the benefits and ways of going green to MSMEs;
- Encouraging larger companies and successful green companies to share best practices on adopting a green business model to MSMEs to increase their opportunities in engaging in international markets where green standards are widely accepted; and,
- Educating the younger generation on the green economy, environmental awareness and sustainable development to enhance their understanding and demand for green products and services.

b. Providing training and skills development for MSMEs

We recognize that most MSMEs lack the capacity for adopting green economy practices. In addition, they lack sufficient skills to adopt green and innovative technologies and sufficient digital literacy. Governments can play an important role in enhancing MSMEs' capacity to better access innovation and technologies, compete international, and participate in GVCs. Governments can also help to bridge the digital divide by offering necessary training programs and courses, and support green MSMEs' efforts to effectively communicate the unique attributes of their eco-friendly products and services to potential consumers.

We also recognize that a number of MSMEs are suppliers to large enterprises, possibly through green procurement programs. We thus welcome the engagement of larger companies in offering best practices and mentoring schemes to support the greening of MSMEs. Moreover, we encourage such companies, universities, and relevant government officials to exchange relevant information to improve knowledge and capacity to nurture future green MSMEs.

c. Promoting the compliance with related international standards and the development of an integrated policy framework, at the regional and domestic levels

We support APEC member economies in launching policy instruments for creating an enabling environment for MSMEs to engage in green activities. These instruments can include the establishment of green standards and certifications, eco-labeling schemes consistent with international standards, as well as the effective implementation of environmental laws. We also encourage APEC member economies to ensure the successful implementation of related international standards among MSMEs. Moreover, we support policies and regulatory frameworks that reduce trade barriers and facilitate the export of green products by MSMEs and to help green MSMEs invest abroad.

Partnerships among multi-stakeholders, including different concerned agencies, the private sector and academia, should also be strengthened to push forward green business policies.

d. *Providing incentives and promoting science, technology and innovation (STI) and internet and digital economy to expand MSME market reach*

We encourage APEC member economies to create incentives to facilitate MSMEs' shift towards the green economy. We welcome and encourage universities and research institutes, as the sources of green technologies in the APEC region, to conduct joint research to promote green innovation that is applicable to MSMEs.

We recognize the importance of e-commerce platforms as a pathway to increase the sales of green products and services, as well as to allow green products to be more accessible to the purchasing population. We also welcome APEC members' support for MSMEs' innovation with the focus on development and commercialization of highly applicable products and capacity building programs that support MSMEs' innovation in terms of products, procedure, marketing and management, etc.

We urge APEC members to foster incentives for innovation awards, initiatives and creative and green industries; share best practices on appropriate technology adoption among MSMEs to support higher production; coordinate the policies, regulatory practices that can maximize the potential of MSMEs to contribute to innovation and green growth; and strengthen public – private partnership to support MSMEs' innovation.

We encourage the formation of proper mechanisms for commercially based technology diffusion and facilitation in APEC in order to foster the transition to green technologies for MSMEs.

e. *Promoting green supply chain development and establishing the networks for green, sustainable and innovative MSMEs*

We encourage green government procurement and green procurement policies by large companies to encourage MSME suppliers to provide environmentally sustainable goods and services. We also encourage partnerships among green, sustainable and innovative MSMEs. We support the establishment of green sustainable and innovative MSMEs' networks and encourage the use of e-commerce as a means to expand the green supply chain.

We encourage APEC member economies to build global and regional networks of MSMEs innovators and accelerators, (e.g. internship consortium, APEC SME Service Alliance [ASSA], innovation centers, supply chain institutes, women and youth networks) as part of an ecosystem which supports enterprise creation, increases the innovative capabilities of MSMEs and joint collaboration among MSMEs, large enterprises and academia.

3. The above-mentioned prioritized actions for greening MSMEs should be based on the Public-Private Partnership (PPP) approach while promoting benefits for local MSMEs and communities.

4. Five sectors can be considered, at an initial stage, by the Strategy namely

- Biomass and renewable energy
- Construction and green building
- Tourism
- Food industries
- Textile

We encourage member economies to volunteer as the champion economies to take lead in promoting green and sustainable MSMEs in the suggested pilot sectors; for example, by initiating the projects or organizing relevant activities.

5. In developing the Strategy, member economies must come to an understanding on the parameters that can help identify what a green, sustainable and innovative MSME is, taking into account the existing green growth indicators developed by other organizations including the OECD and UNEP.

Implementation

6. As a cross-cutting issue, cross-fora collaboration will be required. In addition to the APEC SMEWG, efforts to promote green and sustainable MSMEs could be considered by other APEC fora including the Committee on Trade and Investment (CTI) on encouraging MSMEs' participation in green value chains; the Economic Committee on structural reform towards a green economy; the Human Resources Development Working Group (HRDWG) on education, skills development and training on green economy values; the Energy Group, Transportation Group, PPSTI, PPFS, Tourism Group among others; as well as the APEC Business Advisory Council (ABAC) on strengthening PPP in greening MSMEs. Engagement and collaboration with relevant organizations and experts, such as OECD, UNIDO and UNEP, will also be advisable.
7. Once the Strategy has been endorsed, the SMEWG will undertake an annual stock-take and review of the APEC projects, activities and initiatives that promote green, sustainable and innovative MSMEs during 2018 - 2022, based on, but not limited to, the stock-take prepared by the APEC Secretariat as presented in the Annex. APEC member economies may consider taking a mid-term review of the Strategy in 2020 to monitor the progress and to ensure effective implementation.