Social Procurement Policy Examples in Southeast Asia and East Asia

This document has been prepared by the Biji-Biji team in Malaysia.

Malaysia
MaGIC Social Procurement Programme
- Budget 2021 with a budgetary allocation of RM20 million
- It said a poll conducted by the Social Enterprise World Forum revealed that 26% of social enterprises regard supportive government policies as having the greatest impact on their sustainability.

Singapore
National Sustainable Procurement Roundtable (NSPR)
- A nation-wide movement to promote sustainable procurement, with the objective of building an innovative and sustainable supply chain that efficiently meets sustainability objectives.

Thailand
Social Enterprises in Thailand
- Encouraged by the growth of social enterprise internationally, the Thai government supported the 2010 establishment of a national sector body, the Thai Social Enterprise Office (TSEO), and since then has developed a Social Enterprise Promotion Act, offering tax relief for corporations setting-up social enterprises and tax incentives for social investment.

The State of Social Enterprises in Thailand (2021)
- The recently enacted law has introduced many mechanisms to promote social enterprises such as the Social Enterprise Promotion Fund, preferential treatment for government procurement, and less strict policies to ensure capital access. Once fully implemented, these policies and mechanisms may be a good example which other countries could look to replicate

Thai social enterprises face obstacles to funding despite government support, new study reveals (2021)
- The survey found they still face major challenges, in particular with access to finance.
- Almost a quarter of businesses surveyed report access to capital (both loan and equity) as a major obstacle, and just over a fifth struggle to obtain grant funding. A third of respondents find it difficult to find investors due to a limited network.
- Two key policies of the 2019 Act – the Social Enterprise Promotion Fund and favourable treatment in government procurement – are still to be implemented.

Thai social enterprises: key facts
- They operate mostly in agriculture, health and education.
- They are more often led by women (35%) than mainstream businesses (24%).
- Most are viable businesses: 42% reported making a profit last year, and 19% reported breaking even.
- They are optimistic: 82% anticipate future growth.
- Beneficiaries of social enterprises services are diverse, and include people on low incomes, elderly people, and children and young people as the top three groups.
They proved resilient and agile during the Covid-19 pandemic: more than half (54%) did not lay off staff and 30% have transferred operations online.

A substantial number report they are receiving no government support and need funding to overcome the challenges presented by the pandemic.

South Korea

Korea’s Social Enterprise Policies (2016)

- The South Korean government has established a unit under the Ministry of Employment and Labor dedicated to social enterprises.
- Promotion of public employment by South Korea’s Ministry of Employment and Labor can be traced back to 2001, when the focus was on community welfare.

Republic of Korea Pledges $355 Million to Support ASEAN Green Infrastructure and Ocean Health (2019)

- The financing from the Republic of Korea will support the implementation of ADB’s new Action Plan for Healthy Oceans and Sustainable Blue Economies
- The ASEAN Catalytic Green Finance Facility was launched on 4 April 2019 in Chiang Rai, Thailand and is part of the ASEAN Infrastructure Fund, a regional financing initiative established by ASEAN governments and ADB in 2011 and administered by ADB.

Taiwan

KPMG


Social Enterprise involvement in infrastructure

Forging new paths for green infrastructure in ASEAN region (2019)

- The recent announcement by a Singaporean government agency, Infrastructure Asia and the Asian Development Bank (ADB) to develop bankable green infrastructure projects across Southeast Asia is a positive move.
- The case for sustainable development across Southeast Asia is irrefutable given the region is increasingly and disproportionately being exposed to climate change. For example, Lloyd’s estimates US$22.5 billion of gross domestic product (GDP) is at risk from flooding in Southeast Asian cities alone.

ASEAN Catalytic Green Finance Facility (ACGF)

- The ACGF is an ASEAN Infrastructure Fund initiative supporting governments in Southeast Asia to prepare and finance infrastructure projects that promote environmental sustainability and contribute to climate change goals.
  - ADB Progress and Results as of Dec 2020

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