

Annex 7. ASEAN Inclusive Business Awards nomination and selection criteria

Overview

ASEAN Inclusive Business (IB) Awards highlights good practice examples of companies with business models designed to make profit while solving problems of the poor and low-income people. Various ASEAN Member States (AMS) are currently in the process of setting up IB support policies, and companies could get eligible for accessing such promotion programs, where available. Furthermore, being a winner of the ASEAN IB Awards may help businesses in accessing financing from impact investors. The current document provides guidance on the nomination and selection criteria and selection for the ASEAN IB Awards.

The ASEAN IB Awards could be of great benefit for the participating companies as it can increase their visibility, help develop international contacts, but also can serve as a way to benchmark their activities in relation to the peers.

The nomination and selection criteria is developed with the assistance of the Organisation for Economic Co-operation and Development (OECD) in collaboration with the inclusive Business Action Network (iBAN)¹. The criteria is finalised with inputs from the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) and the ASEAN Secretariat. The document defines the eligibility criteria and provides concrete set of questions to be addressed to the potential companies for the nomination or for self-nominated companies. This document will also be used by the panel of judges in selecting the ASEAN IB awardees.

1. What is Inclusive Business (IB)?

IB provides goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the Base of the economic Pyramid (BoP), making them part of the value chain of companies' core business as suppliers, distributors, retailers, or customers.

If a company's customers are low-income individuals, or if it sources from people living at the base of the pyramid, or if low-income people distribute its products through their communities or sell them in local stores, that company is an inclusive business.

An inclusive business customises its business model by creating opportunities to work with people who live at the BoP. These persons who have a purchasing income of less than USD 8.44 per day may not have access to basic goods, services, and are unable to generate necessary income. Not only do people with low-incomes benefit when these businesses provide greater access to basic goods, services, and livelihoods - the businesses benefit as well.

Inclusive business models are helping businesses turn underserved populations into dynamic consumer markets and diverse new sources of supply. In the process, businesses are developing product, service, and business model innovations that have the potential to tip the scales of competitive advantage in more established markets.

2. To be eligible for the ASEAN IB award, the applicant must:

- a. Be headquartered in an ASEAN country, with commercial and/or operational presence in ASEAN;
- b. Be organised as a private for-profit enterprise;
- c. At least 55% of the applicant's equity should be owned by ASEAN nationals;
- d. Integrate the BoP in its core operations working with/or serving as suppliers, distributors/retailers, employees and/or customers;

¹ This document further builds on the set of criteria already developed by Dalberg consultants in 2017 for the first ASEAN IB Award.

- e. Demonstrate commercial viability;
- f. Comply with legal standards for labour and environment in its countries of operation; and
- g. Not fall in the following 'excluded businesses' list:
 - (i) Producing or trading in weapons and munitions, or gambling, casinos and equivalent businesses;
 - (ii) Conducting activities involving harmful or exploitative forms of forced labour or child labour;
 - (iii) Producing or trading in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone-depleting substances, PCBs, wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES);
 - (iv) Producing or trading in radioactive materials (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded);
 - (v) Producing or trading in unbonded asbestos fibres. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
 - (vi) Undertaking drift net fishing in the marine environment using nets in excess of 2.5 km in length and battery shock fishing;
 - (vii) Undertaking commercial logging operations for use in primary tropical moist forest;
 - (viii) Producing or trading in wood or other forestry products other than from sustainably managed forests;
 - (ix) Involved in production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals;
 - (x) Engaged in production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples, as defined in respective national laws; and
 - (xi) Cigarette, narcotic drugs, alcoholic drinks.

3. Eligible applicants will be evaluated on their capacities of:

- a. **IB social impact reach:** the business' positive reach and impact on persons of low-income or with a focus on gender;
- b. **Depth of social impact:** demonstrating that the business has been working with the most relevant stakeholder group for this business and that social impact does not happen on occasional basis but is structurally integrated in the business operations;
- c. **Contribution to systemic change** for the business model to be expanded and replicated in existing as well as new sectors and geographies;
- d. **Innovation:** indicating that the company has developed a unique product, service, business or delivery model working with/or serving the BoP.