

PRIVATE SECTOR ENGAGEMENT IN ADDRESSING GMS DEVELOPMENT ISSUES: ROLE OF MEKONG INSTITUTE





Changing Development Priorities

The Greater Mekong Subregion (GMS) countries are confronting significant development challenges in economic growth, sustainability, job creation, and technology adoption. While governments have a fundamental role, the private sector, responsible for generating 50% to 60% of national income in GMS countries, has vital role in addressing these issues. By providing investment, knowledge transfer, innovation, employment opportunities, and promoting inclusive and sustainable development, leading global and regional companies are making significant investments in the GMS region due to its cost-effectiveness and strategic location in the expanding Asian markets.

Global challenges such as energy crises, climate change, technological disruptions, supply chain issues, and digital inequalities are reshaping the business landscape, drawing attention of global and regional companies to diversify and focus their involvement in addressing such emerging issues. These challenges underscore the importance of innovative solutions and sustainable practices across various sectors including healthcare, energy, technology, and infrastructure. There are emerging opportunities in areas of renewable energy and clean technology sectors due to the region's energy resource inadequacies and the escalating pressure to fulfil climate commitments. Furthermore, the uneven technology distribution and disruptions in supply chains create avenues for companies to contribute to bridge digital gaps, improve connectivity, optimize logistics, enhance local manufacturing processes and investment in vital areas like transportation and logistics.

Strategically positioned in Southeast Asia, the GMS region boasts a vibrant economic landscape propelled by rapid growth, expanding consumer markets, and significant infrastructure requirements. Ongoing initiatives like the GMS program that promote regional integration, connectivity enhancement, and trade facilitation are further enhancing the region's appeal for business expansion. The region has the potential to function not only as a hub for manufacturing and trade but also as a foundation for sustainable development projects that are in line with SDG goals. This involves working closely with local governments and stakeholders to secure collective economic, sustainable, and social gains.

Achieving Common Goals

Through partnerships with regional organizations, governments, and leading global and regional companies, the Mekong Institute (MI) can enhance awareness on opportunities for private sector to engage in key development sectors. MI can co-organize forums, meetings, and workshops to establish the private sector's role as observers and advisors at the institutional level.

Additionally, MI can collaborate on pilot projects aimed at enhancing the regional business environment, advocate for standard industry practices, streamline procedures and lower barriers to market entry. These endeavors would boost private sector involvement in responsive investment and sustainable development initiatives.

Moreover, MI can foster cooperation among the Mekong regional cooperation frameworks, strengthening alliances with the private sector in crucial areas such as climate change, human capital development, supply chain resilience, and technology integration. This involves exchange of data, conducting evidence-based research for policy support for private sector engagement creating an enabling environment for private sector development.





Public Private Dialogue and Partnership

MI can facilitate a platform for global and regional companies to interact with policymakers in areas of trade and investment facilitation, sustainable development objectives, energy initiatives, digital transformation, innovation, and R&D support.

MI can facilitate with government agencies and private entities to form and support Public Private Partnership (PPP) projects in areas of transportation, energy and water conservancy, ecological environment and other public service areas. MI can enable PPP environment and support preparation and procurement of PPP projects, providing PPP screening and identification and provide advisory, monitoring and evaluation services.

Policy Support

To provide opportunities for Mekong MSMEs to adopt and integrate advance technologies and gain investment in technology innovation to integrate in the global and regional value chains, MI can facilitate the development of project strategy, support government agencies to plan and prepare feasibility studies to facilitate relevant policymakers in areas of:

Intellectual Property (IP) Protection: ensure robust IP protection laws and mechanisms to safeguard innovation, to provide incentives for private sector to invest in R&D.

Incentives and Funding: encourage provision of financial incentives such as grants, tax credits, and subsidies for private sector that invest in R&D and participate in innovation to stimulate private sector engagement.

Regulatory Support: establish supportive regulatory frameworks that encourage innovation ensuring safety and ethical standards, which will reduce uncertainty and encourage private sector investment in emerging technologies.





Greening the Supply Chains

As climate change threatens communities worldwide, there is an urgent need for manufacturers to reduce emissions. However, MSMEs sector lack capacity and resources to implement ESG standards on their own.

MI can collaborate with global and regional leading companies to co-create projects to assist MSMEs meet global environment requirements and participate in the global supply chain, reducing their footprint and aligning with the global environment standards.

Additionally, MI can work with private sector companies to facilitate the transfer and application of green technologies. This includes technology transfer, training and capacity building, collaborative research and development, and demonstration projects, ensuring that MSMEs are equipped to effectively implement and benefit from these green innovations.



Industrial Workforce Development

In the era of Industry 4.0, the workforce faces a transformative shift characterized by advanced automation, artificial intelligence, and digitalization across industries.

To effectively navigate these changes, MI can facilitate collaboration among industry groups and technical schools in areas of data analysis, machine learning and digital literacy, to develop competency standards, revise curricula, upgrade training infrastructure and offer internships/apprenticeships.

Besides, MI can also work on regional skills harmonization by establishing mentorship and coaching program, and advocating regional certifications of training to enable cross-country transfers of labor that is suited to regional value chains.

Utilizing MI Projects Results

MI has successfully implemented regional projects facilitating GMS agriculture development and commercialization, sustainable energy development, and trade promotion, which enable MI to use the success stories and build a platform sharing experience and explore cooperation opportunities with private sector to engage to scale up and replicate results of such projects.

Besides, MI has also made effort in improving climate change adaptation and resilience. MI can play a facilitating role in co-convening projects to raise private sector's awareness to invest in the products, services, technology and business models on climate adaptation, improving efficiency and innovative practices for sustainable growth. MI can provide platform for private sector to take a leadership role in contributing to climate adaptation issues on a larger scale by working with governments, development agencies and academia for policy initiatives.



Conclusion

MI can support private sector involvement in sectors like infrastructure, renewable energy, digital technology, and agriculture. This will allow global and regional industry leaders to take advantage of the region's economic growth and expanding consumer markets. Through initiating dialogues, MI can engage with the private sector in Mekong regional cooperation, focusing on mutual interests.

By fostering public-private collaboration, MI can foster private sector cooperation with governments and local stakeholders, pooling resources and expertise to address development issues and seize emerging opportunities effectively. Additionally, MI can aid the private sector in promoting R&D and innovation in the GMS, enhancing technological progress and helping companies stay at the forefront of industry trends for competitive advantages. MI can engage to co-create projects in areas of decarbonizing supply chains to enhance environmental sustainability aligning with global climate goals, reducing operational risks and enhance corporate image.

Concurrently, MI can facilitate private sector investment gains through workforce development in Industry 4.0 on digital technologies, automation, and data analysis, ensuring a skilled industrial workforce to ensure productivity aligned with development goals on human resource development and inclusive investment. By leveraging these strategic mechanisms, MI can build a strong partnership with leading global and regional companies to help their business expansion but also contribute to inclusive economic development, environmental sustainability, and social commitments in the GMS.



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Intergovernmental Organization