

IMPACT SHEET: Asian Cleantech MSME Financing Network (ACMFN)

Promoting Sustainable Cleaner Development



Building and leveraging a cleantech financing eco-system to spark improved access to finance for Asian cleantech enterprises and enhanced sustainable consumption and production patterns in Asia



CHALLENGE

MSMEs can make a significant contribution to green and inclusive growth by applying clean technologies. Since MSMEs are major drivers of economies worldwide and the backbone of Asian economies, there is great potential to be tapped into for clean technology investments. A central challenge for cleantech companies particularly in India, Indonesia and China remains access to finance for clean technology investments. MSMEs as important developers and implementers of clean technology applications. They need support through capacity building, technical support, as well as access to finance for implementing these clean technology initiatives.

PROJECT BACKGROUND

ACMFN tackled the nexus of cleantech financing and the access of finance for Micro, Small and Medium-sized Enterprises (MSMEs) which particularly face challenges to access finance. The project carried out holistic capacity-building measures for MSMEs in the three target countries **China, India and Indonesia** via tailored financial and technical advisory services and trainings in order to provide enterprises with the knowledge necessary for raising capital for cleantech investments. It also provided technical assistance to financial institutions in order to strengthen understanding of the economic and environmental benefits of cleantech products and services. This included the development of new and targeted financial instruments. To strengthen the local ecosystems further, national forums for matchmaking processes between MSMEs and financial institutions have been provided. Ultimately, the goal was to unlock the full potential of cleantech MSMEs by increased capital through peer-learning, co-investing and matchmaking opportunities facilitated by ACMFN's platforms.

PROJECT OBJECTIVES

ACMFN aimed at fostering the application and financing of sustainable consumption and production processes (SCP) in India, Indonesia and China to enhance resource savings, combat pollution and create a conducive environment for further adoption of such measures creating cleantech value chains across sectors.

The specific objectives included:

- To improve cleantech value chains and increase the access to financing for MSMEs by supporting their financial literacy, the uptake of innovative clean technologies, and strengthening their access to financial institutions

- To increase the availability of cleantech financing products by providing financial institutions with technical assistance, peer learning opportunities, support funding co-financiers; network creation and matchmaking with promising MSMEs.

TARGET GROUPS

- **Micro, Small and Medium Enterprises (MSMEs)** in the 3 target countries linked to clean technology or clean production and SCP practices, i.e. MSMEs which provide or apply clean technologies and other SCP practices
- **Financial Institutions (FIs)** in the 3 target countries willing to improve their financial literacy about cleantech financing to extend their financial service portfolio

PROJECT ACTIVITIES

ACMFN project activities were implemented along several different project dimensions, involving multiple partners as well as local expertise.

Training & Capacity Building for Potential and Existing Cleantech MSMEs

In order to capacitate MSMEs to access funding for clean technology development and application, dedicated workshops and coaching sessions were provided to MSMEs in the target countries. Capacity building initiatives included the support of cleantech implementation, pitching training, business and financial plan development, and bankable business proposal development. Furthermore, financial advisory supported MSMEs in increasing their financial literacy to access funding.

Training & Capacity Building for Financial Institutions

Financial institutions are key in providing financial products to MSMEs. To increase awareness about cleantech, and to stimulate the development of financing products, financial institutions were provided with technical assistance including guidance on the development and implementation of cleantech financing products. Activities included training, knowledge-sharing workshops and promotional roadshows geared towards the cleantech financing market.

Ecosystem Support

National matchmaking events, regional exchange initiatives as well as policy support were organized to strengthen the cleantech MSME ecosystem, and to improve connections between MSMEs and different funding sources. As part of these activities, linkages were established with MSMEs,

government, and financial institutions. These included pitching sessions, as well as national and regional conferences.

PROJECT ACHIEVEMENTS

The main achievement of ACMFN includes the facilitation of financing for MSMEs worth more than 500,000 € for the application and development of clean technology.

- **600,000 €** financing leveraged for cleantech and business development
- More than **400 MSMEs** provided with capacity building
- **200 MSMEs** apply SCP practices
- **320 MSMEs** have developed bankable business proposals
- **40 financial plans** of MSMEs screened by financial institutions
- **90 financial institutions** supported in designing new financial products
- **20 funding sources** demonstrated interest in developing cleantech financing products
- More than **45 local advisors** trained

LESSONS LEARNED

Due to the relatively low share of cleantech financing available, and more intense financing of large-scale projects, cleantech MSMEs currently have an increased need for self-financing and conventional microloans, which do not meet their financing needs (especially the high technology development costs). The challenges faced during the project's implementation were therefore mainly related to the low share of cleantech MSME financing available, and simultaneously the low financial literacy of MSMEs, as well as the low scalability of their business models, which often excluded them from accessing financing. Solutions to address these challenges included:

- Enhancing enterprise's financials and establishing a sound business model;
- Developing targeted cleantech financing instruments through blended finance;
- Accelerating established matchmaking events and platforms;
- Leveraging the power of intermediaries to spread the cleantech movement on the local level;
- Promoting government incentives and support.

The key lessons learnt during project implementation included:

- The combination of financial and non-financial support services for MSMEs to access finance are of great need;
- The number of cleantech-focused intermediaries must be accelerated to foster cross-actor collaboration on different levels;
- Increased demand for cleantech financing products must be demonstrated to financial institutions to stimulate targeted financial product development;
- Collaboration with advisory providers is necessary to develop cleantech financing instruments;
- Knowledge base about clean technologies and resource-saving potentials must be broadened to shape a cleantech mindset within the ecosystem.





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The journey of accelerating the impact potential of cleantech MSMEs has successfully started, and ACMFN is proud to form a part of this journey! Together with the EU and multiple international and local partners in target countries, we have accomplished great things, which continue to hold opportunities for our locally supported enterprises. Meanwhile, our tools and knowledge materials continue to be spread and replicated among local advisors and partners, so we can bring together cleantech MSME to the next level.

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Long-term project sustainability

ACMFN project results have created resources for sustainability in several ways. Apart from the locally trained advisors and consultants who continue to carry out training and capacity building in the target countries, the National Focal Point organizations in each location also continue to build upon the project's achievements by continuing to promote the ACMFN agenda. Training materials, resources, tools, and templates are available for ongoing activities in order to continue supporting MSMEs in increasing financial literacy, and financial institutions in developing financing instruments.

Furthermore, the important links created with MSMEs and financing institutions can be intensified by stakeholders to create important financing opportunities in the future, contributing to sustainability and long term impact. The challenges of mobilizing funding for MSMEs continues, but ACMFN activities offered an important stepping stone for many MSMEs.

Project contributions to Climate Change Mitigation and SDGs

SDG 12: Responsible Consumption and Production aims at 'doing more with less', promoting resource and energy efficiency and reducing material footprint. The ACMFN project directly supported cleantech MSMEs, which use various resources such as materials, energy, and water in a clean and efficient way, thereby achieving direct resource and consumption savings, which are directly related to SDG 12. MSMEs providing clean technology also contribute directly to these savings by providing efficient technology that makes clean and resource-efficient production possible. The project has proven that RECP not only entails ecological benefits by increasing sustainability through clean technology application, but it also creates economic benefits for MSMEs by saving resources and applying cleaner production.

The project targeted cleantech MSMEs addressing both technical and financial aspects, contributing to **SDG 9**. The implementation of cleantech and RECP measures was a key aspect to help MSMEs optimize their production to enhance sustainability, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and processes. In this process, MSMEs access to finance for such activities and measures was a main issue in the ACMFN project.

Linkages to **SDG 11** exist through improvements in the environmental impact in MSMEs operations through cleaner production and sustainable consumption. Furthermore, training of consultants and local advisors opened consulting opportunities in target countries. This contributed to **SDG 8**. The project also contributed to **SDG 13** through significant reduction in CO₂ emissions obtained through energy savings alone besides raising awareness on cleantech issues, RECP and climate change. Ultimately, the project was implemented by an international consortium of organizations and involved partnering with multiple stakeholders (cleantech MSMEs, financial institutions, policy makers etc.) in the three target countries thereby contributing to **SDG 17**.

Impacts at a Glance

Economic Impact	<ul style="list-style-type: none"> • 600,000 € raised by implementing SCP practices in SMEs • Expansion of green product portfolio and cleantech value chains with 200 MSMEs • 200 additional business opportunities implemented building around cleantech products and services • Five cleantech value chains supported
Environmental Impact	<ul style="list-style-type: none"> • Reduction of resource use (water, materials, fuel, etc.) by 20 % through the application of clean technologies (estimated) • Reduction of waste water discharge, solid waste, and use of toxins and harmful substances by 15 % through the application of clean technologies (estimated) • 200 SMEs implement SCP practices such as resource-efficient energy management, waste reduction processes, waste recycling, renewable energy, water saving technology thereby reduce environmental impact such as water depletion and pollution, biodiversity loss, climate change, GHG reduction
Social Impact	<ul style="list-style-type: none"> • 400 new jobs created through the growth of cleantech MSMEs (estimated) • Improved reduction in environmentally damaging emissions leading to air quality improvements • Increased opportunities for resource-saving through clean technology provision to local communities • Special attention paid to women participation in capacity building initiatives • Specific focus on youth-led enterprises as selection indicator for training participation
Climate Benefits	<ul style="list-style-type: none"> • Reduction of energy use (electricity, fuel) and GHG emissions by 20% through the application of clean technologies (estimated) • Cleantech SMEs applied measures such as Energy efficiency measures, renewable energy application and expansion, waste reduction, etc.
Green Finance	<ul style="list-style-type: none"> • 90 financial institutions engaged in the development green cleantech finance products • 320 SMEs benefitting from better access to finance through improved business proposals • 600,000 € of Green Finance leveraged for SMEs • 40 financial plans screened by financial institutions • 20 funding sources that demonstrated interest in developing cleantech financing products
Target Group Engagement	<ul style="list-style-type: none"> • More than 400 cleantech SMEs engaged in project activities • More than 100 stakeholders involved in ecosystem building activities • More than 100 outreach activities organized • Introduction of Cluster approach in India, e.g. through OEM model (Original Equipment Manufacturer), application of Komunitas approach in Indonesia (4 komunitas with a membership base of about 1000 MSMEs have been made aware and informed of the various financing options for their SCP requirements); Equity Approach or Impact Fund Mechanism in China
Policy Development	<ul style="list-style-type: none"> • 10 events with local policymakers • Three flagships reports and three case study reports Pushing the agenda for cleantech application and development • Engagement with development banks in the three target countries increases financial and non-financial MSME support as well as cleantech focus for MSME support • MoU between SME Industry Associations and CII to green supply chains; MoU between PUPUK and Indonesian government to promote green initiatives; adoption of Private Equity Impact Fund in China as strategy to attract private investors
Europe-Asia Cooperation	<ul style="list-style-type: none"> • 10 national and regional exchange events organized with European and Asian participants • Cleantech Case studies, Best Practice showcasing, technical knowledge experiences shared and transferred



FUNDING

EUR 1,872,565
(EU Contribution: 80%)



DURATION

January 2016 - December 2020



PARTNERS



Consulting Association of Development Financing
Institutions in Asia and the Pacific (ADFIAP)



adelphi



Confederation of Indian Industry

Confederation of Indian Industry
(CII)



The Indonesian Association for
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中国电子节能技术协会
China Electronic Energy Saving Technology Association

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