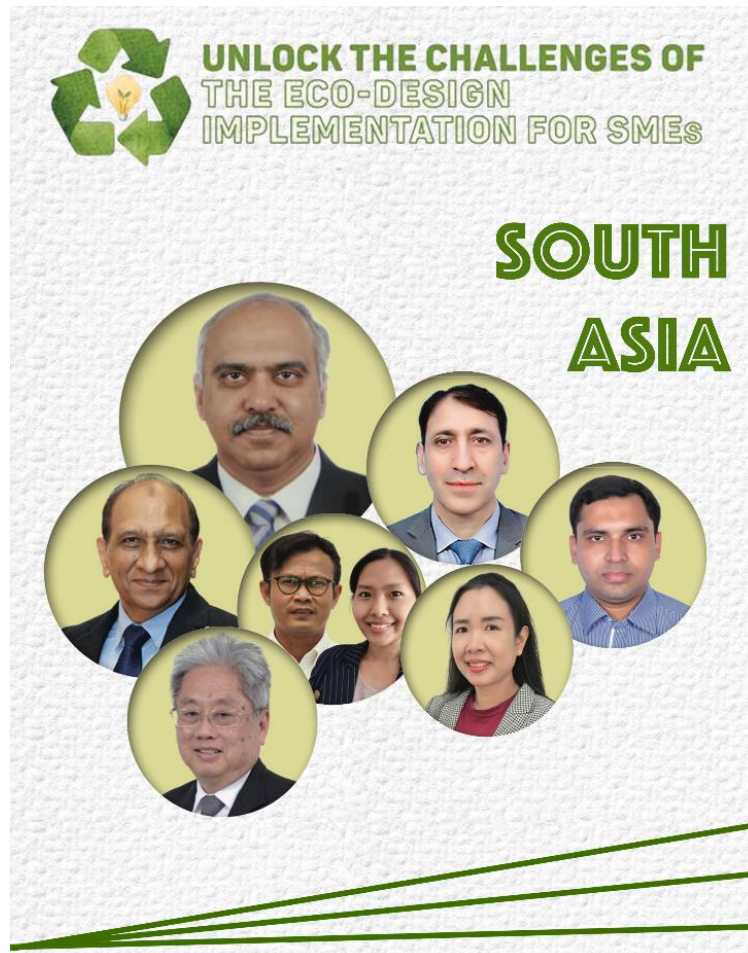


Flash report

Unlock the challenges of the eco-design implementation for SMEs in South Asia



Date: 28 February 2022 | 15.00-17.00 (Bangkok Time)

Venue: Online via Zoom

Disclaimer

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List of Acronyms:

ADB	Asian Development Bank
AIT	Asian Institute of Technology
GDP	Gross Domestic Product
IOT	Internet Of Things
RPAC	Regional Policy Advocacy Component
SCP	Sustainable Consumption and Production
SMEs	Small and Medium-sized Enterprises
TEI	Thailand Environment Institute

Background:

South Asia and Southeast Asia are potential regions for Asia's current global economy. A major part of the Asia economy consists of the Small and Medium-sized Enterprises (SMEs) accounting for approximately 97% of all enterprises, two-thirds of employment, and around 30 to 60 percent of GDP (Anbumozhi, 2019) that play an important role in driving the economy, employment, and innovation. SMEs enterprises are the core engines of transition to green growth. Reducing the aggregate environmental impact of SMEs by Eco-design application through achieving and going beyond environmental compliance in both manufacturing and services is, therefore, one of the key success factors in greening the economy.

In November 2021, the EU SWITCH-Asia RPAC in partnership with the Thailand Environment Institute (TEI) and the Asian Institute of Technology (AIT) successfully organized a Regional Dialogue to promote the uptake of Eco-design approaches to green SMEs in Asia. Although Eco-design has been applied in many industries all over the world, there are still some limitations in SMEs. The dialogue highlighted barriers and enabling factors for SMEs to implement eco-design. The major barriers are insufficient productive resources (such as raw materials, production technology, and labor skills), restricted investment conditions giving the unfavorable for operations, and limitations of industrial technology and waste management. However, the mentioned barrier comes from difficulties in financial accessibility, shortage of information infrastructure, and using information technology in an insufficient manner (Lissara, 2021; ADB, 2016).

In recent decades, Asia has experienced remarkable growth and development. The region is progressively achieving the role of global growth and is rapidly establishing itself as a worldwide industrial and information technology hub (Tonby et al, 2019). As the sub-region, today is a fast-growing base for the manufacture of various kinds of products, there is a clear need to enhance the capacities of SMEs in South and Southeast Asia for environmentally friendly production by applying an eco-design approach. From the previous dialogue, the 2 most important enabling factors that encourage Eco-design for SMEs successfully are supporting measures in terms of 1) policy and regulation and 2) financial and economic. The willingness and capability of SMEs to adopt sustainable practices and seize green business opportunities facing financial limitations and a lack of government support. Consequently, to encourage the SMEs in making the transition towards green and sustainable production, different supporting measures under the policy and economic perspectives are needed to unlock the limitation and enhance this application of Eco-design for SMEs.

Objectives of the event

- Advocate existing government's policies and financial mechanisms on promoting Eco-design to SMEs
- Brainstorm recommendations and way forwards to advance Eco-design approaches in SMEs

Logistical information about the event

The organization of the Unlock the Challenges of the Eco-Design implementation for SMEs was organized as an online event via Zoom platform.

Welcome and Opening remarks:

Opening remarks

Dr. Naveed Anwar

Vice President for Knowledge Transfer, AIT

Dr. Anwar addressed that SMEs are the majority and significantly important in many countries as they employ a large amount of people, provide a lot of products and services, and accounted for a major share of GDP. Hence, the sector has significant impact to the overall country environment. Dr. Anwar highlighted that applying eco-design to the products and services, especially on policy itself, is very critical for SMEs to reduce their environmental impact and raise consumer awareness. He indicated that the eco-design is a critical basic form of the perspective on the climate change we are all facing; therefore, it should be applied in all product and service level. In addition, policy framework should also be designed to enhance the adopting of eco-design implementation for the sustainability of consumption and production. Dr. Anwar look forward to learning from examples and perspective of the expert speakers and wished for a fruitful discussion on today's webinar.

Panel Discussion:

Presentation of Government Policies to Promote Eco-design Approaches

Dr. Syed Akhtar Hussain Shah

Senator of Pakistan Institute of Development Economics, Ministry of Planning, Development & Reform Government of Pakistan

Dr. Syed presented examples of policies implemented to support eco-design in Pakistan, including National Electric Vehicle Policy 2019, National Climate Change Policy 2012 (updated 2021), National Forest Policy 2016, National Rangeland Policy 2010 and legal Frameworks to Support Green & Sustainable Production. He highlighted that SMEs play a critical role in the economic growth of every nation such as generating work opportunities, income and wealth creation, and poverty reduction. However, the SMEs in developing countries is facing a wild range of challenges, such as lack of capital and financial opportunities, inadequate infrastructure and unavailability of modern technology. We should all noted that although there are barriers to the growth of SMEs, the sector is still a key player in increasing employment levels and improving people's socio-economic conditions and living standards.

Policy Support and Financial Initiatives for Greening of SMEs in Bangladesh

Dr. Md. Anwar Hossain Bhuiyan

Assistant Professor, National University Bangladesh

According to the SME Policy from the country's Ministry of Industries, Dr. Bhuiyan addressed that the SME sector in Bangladesh is made up of about 7.8 million enterprises, contributing to almost 25% of the country's gross domestic product (GDP). He presented a study in Bangladesh indicating more than 40% of SMEs do not have access to formal credit. The study

also further suggests that there is a substantial credit gap and an unmet demand for formal credit even for SMEs that have access to finance. Therefore, Dr. Bhuiyan recommended policy makers to address the asymmetric information problem that defines the relationship between borrowers and lenders in the SME sector in order to sustainably solve these issues.

Also, Dr. Bhuiyan provided examples of policy and financial supports that aims to encourage sustainable development of environment-friendly SME industries: (1) Strategic Goal 10: Development of Capacity for establishing environment friendly SME industries and industrial waste management from the SME Policy 2019 and (2) Green Banking in Bangladesh.

A SME to Demonstrate Supporting Policies from Government, Loans from Banks and Benefits Created from their Business

Ms. Punchaya Raksasakul & Mr. Prasit Pongsoon

Co-Founder, KITFORWARD Co.,Ltd.

KITFORWARD is a company who works with government and private stakeholder to help creating IOT solution and providing IOT services to agricultural start-up. The company won the first prize in Swiss Innovation Challenges in 2017 with its sustainable agricultural business model based on IOT and later launched their first IOT platform in 2019 with the support from government agency. Mr. Pongsoon, the CEO, indicated that government nowadays plays a significant role in every start-up phase. Several programs are initiate from the government with an intention to help SMEs improve their business. For example, the government agency would act as a partner or sale during the SMEs' product-market phrase. Mr. Pongsoon showed a picture of source of funds provided for SMEs by different government agency in each stage of the business growth. Apart from the funding support, Mr. Pongsoon said that the Bank for Agriculture and agricultural Cooperative also issues a loan for AgTech to help entrepreneur manage their cashflow while scaling up. In addition, the government of developing countries, especially in Asia, are currently providing many programs to help the SMEs and start-up to create sustainable market mechanism, e.g. mentorship program or loan and venture capital service.

Presentation of the Draft Paper on the Findings from the Analysis and Supporting Statement from the Regional Webinar

Dr. Nithiwadee Buawat

Researcher, TEI

Referring to the success of previous regional dialogue to promote the uptake of Eco-design approaches to green the SMEs in Asia, Dr. Buawat addressed that today's event highlighted the factors affecting the eco-design driving in SMEs. She encouraged participants to share their comments and experiences to support the development of eco-design approaches for SMEs. The discussion session would be based on 2 main topics: policy/ regulation and financial/economic with the below covered fields.

Policy/Regulation	Financial and Economic Measures
<ol style="list-style-type: none"> 1. Policy Framework for eco-design SMEs 2. Institutional Framework for eco-design SMEs 3. Technical support services 4. Non-Technical support services. 	<ol style="list-style-type: none"> 1. Design for sustainability 2. Resources management 3. Deployment of green technology 4. Energy conservation 5. Sustainable consumption (Use Eco-product) 6. Waste management

Open Discussion on the Supporting Measures both Policy and Economic which Enhance Eco-design in SMEs

Moderated by Dr. Supat Wangwongwatana, Senior Advisor, Thailand Environment Institute

The session focused on two aspects that drive the implementation of Eco-design:

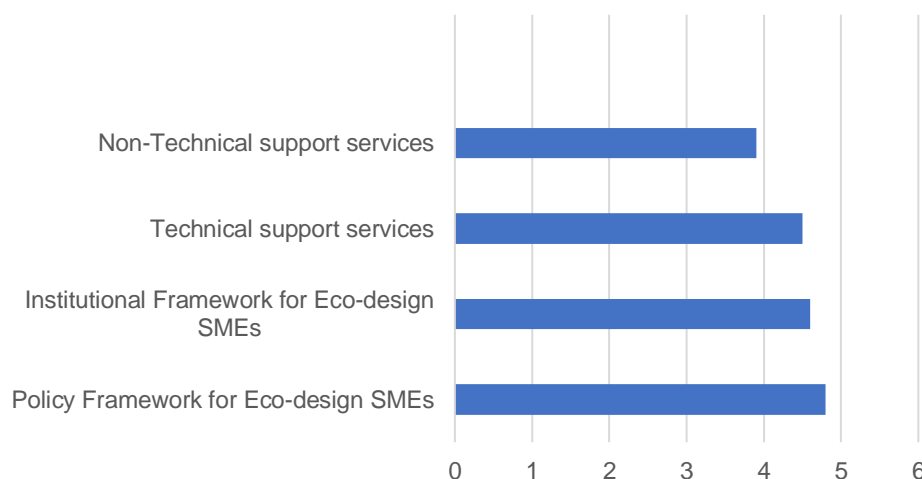
1. Policy and regulation
2. Financial and economic

Policy and regulation

As SMEs are key operators in Asia’s economic development and play a vital role in environmental impact activities, it is significant for public sector to promote and encourage eco-design approach in the SMEs sector. The participants were asked to vote for their agreement on significant driver of policy and regulation by rating point from 1-5 as follows: (1) Strongly disagree, (2) Disagree, (3) Neutral, (4) Agree, and (5) Strongly agree.

Key drivers of Policy/ Regulation measurement to Eco-design adoption

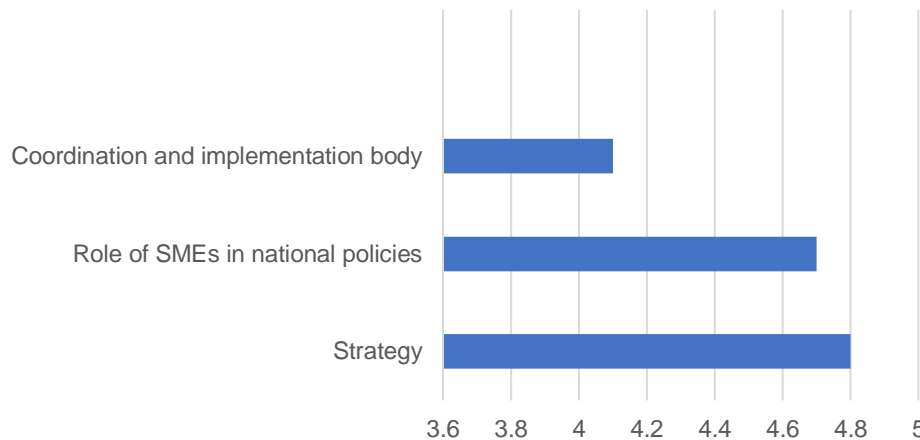
Driver of Policy/Regulation measurement



Majority of the participants agreed that Policy frameworks for Eco-design SMEs such industrial policy for SMEs with an emphasis on Eco-design provides the most significant impact in driving the eco-design approach in SMEs compared to the other drivers.

Composition of policy frameworks for supporting Eco-design SMEs

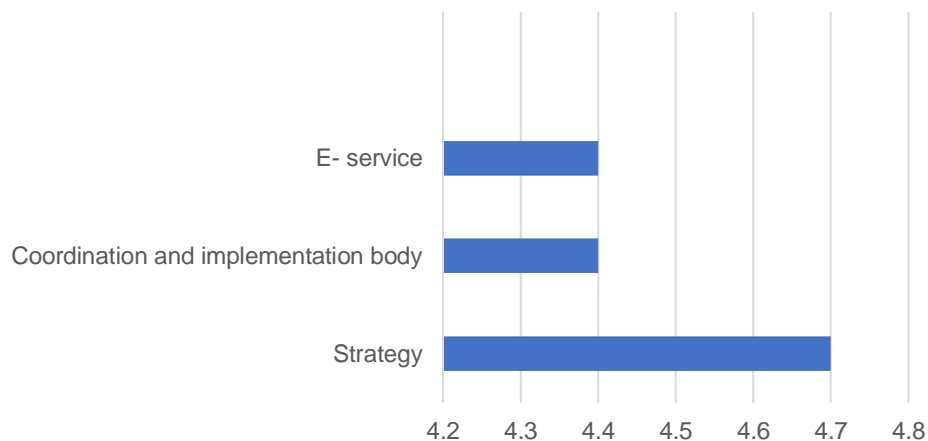
Composition of the policy frameworks for supporting Eco-design SMEs



Considering policy or action plan specific to SMEs, the participants believed that Strategy should be promoted as a top priority in the formation of other operations followed by Role of SMEs in national policies and Coordination and implementation body respectively.

Composition of institutional frameworks for supporting Eco-design SMEs

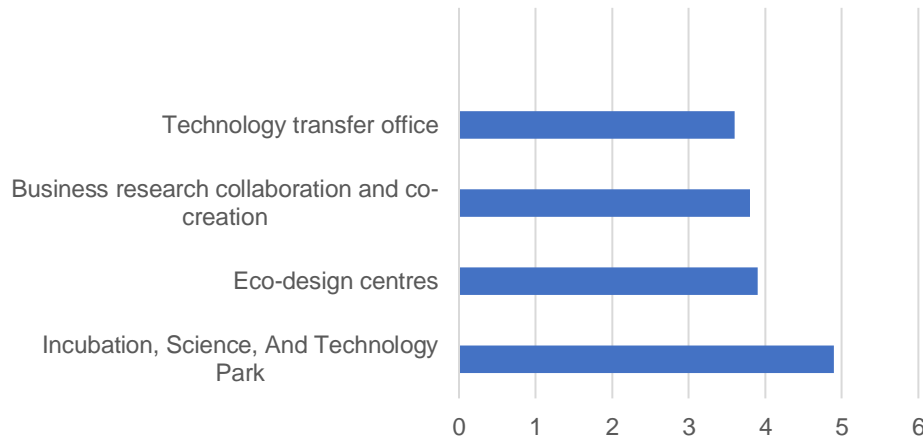
Composition of institutional frameworks for supporting Eco-design SMEs



Similar to the policy framework, Institutional Framework is also a fundamental mechanism in driving eco-design approach in SMEs sector. The institution is responsible for implementing green policy and coordinating with relevant stakeholders to promote and encourage the eco-design approach in SMEs. With this situation, the participants considered Strategy to be the top significant driver, followed by Coordination and implementation body and E-service.

Composition of technical support service for supporting Eco-design SMEs

Composition of technical support service for supporting Eco-design SMEs



Technical support for eco-design is an innovation designed for advising eco-design operation. An example of the technical support shared by a participant is the Shared Facilities for MSMEs in coordination with State Universities, Philippines. With the voting result, the participants considered Incubation to be the most important eco-design driver, followed by Eco-design centres, Business research collaboration and co creation, and Technology transfer office respectively.

Composition of Non-technical support service for supporting Eco-design SMEs

Composition of Non-technical support services for supporting Eco-design SMEs



Apart from the technical support, the operation of eco-design SMEs also requires other supports such as market marketing, management, human resources and employee training. From all 5 fields of non-technical support, the participants agreed that the first priority driver should be Demand side policies stimulate, followed by Organizational and marketing recognize as a second important driver.

Financial and economic

During the discussion, the participants actively shared example of financial and economic tools used in their country to stimulate SMEs to operate in an environmentally friendly manner. For example, Awareness to the public cost benefit of using green market (Bhutan), Capacity development for resource management (Bhutan), Capacity development for Human Resource Management (Bhutan), Change to alternative use of energy for development of green technology (Bhutan), Green road waste Initiative (use plastic waste to be raw material for road constructing) (Bhutan), and Food container made from Leaves (Bangladesh).

The TEI research team also present the survey result of Top 10 Financial Incentive to motivate Eco-design as follows:

1. Tax incentive for user in buying Eco-friendly products (75%)
2. Grant for sustainable and responsible investment (66.7%)
3. Polluters-pay (66.7%)
4. Investment tax exemption for environment-friendly equipment (58.3%)
A fund used to provide low-interest loans to energy businesses (58.3%)
Investment Tax Allowance for energy efficiency (58.3%)
5. Investment tax exemption for environment-friendly resources (54.5%)
6. Subsidies to water, electricity and fertilizer in farmers who operate environmentally friendly (45.5%)
7. Reward and compensation for the design and construction of green buildings (41.7%)
Tax rebate for a stipulated period of time (41.7%)
Carbon Tax (41.7%)
Promote green energy, government offers tax benefits on e-vehicle sales (41.7%)
8. Deduction of profits derived from biotechnology (33.3%)
Income tax exemption for green service providers (33.3%)
Price Reduction and Bonus Point for user in buying eco-friendly products Taxing plastic production (33.3%)
9. Green fund for promoting green fuel (27.3%)
10. Rewarding agency that have successfully adopted energy efficiency policies (25%)
Free electricity to user that reduction use of electricity of at least 20 per cent (25%)
Tax exemption for collecting and processing or treating of biodegradable wastewater (25%)

Conclusion and closing:

Dr. Mushtaq Ahmed Memon

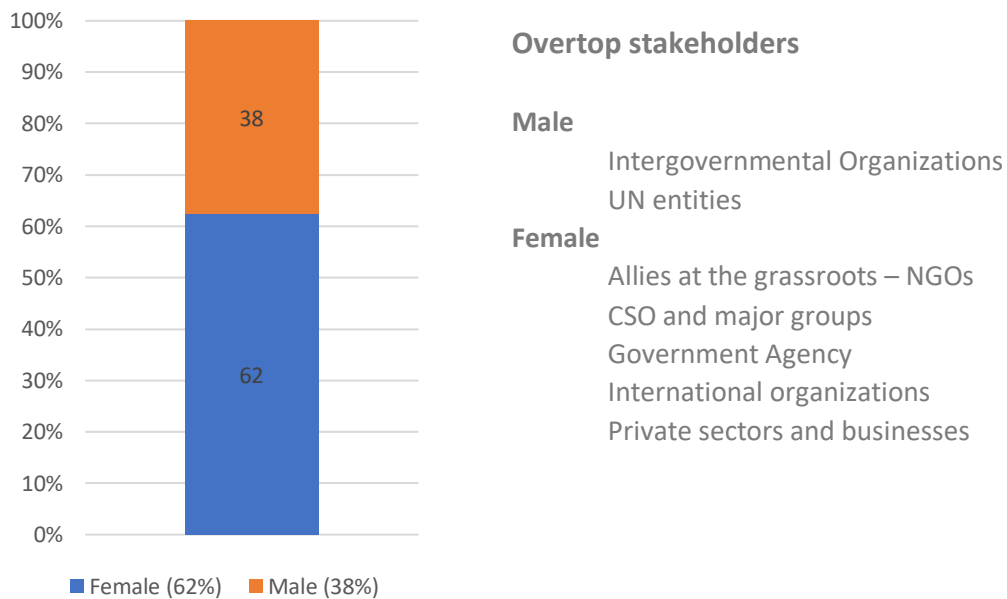
Project Manager, EU SWITCH-Asia Regional Policy Advocacy Component (RPAC).

Dr. Memon thanked everyone for attending the event. He said that to drive SMEs to operate in accordance with the principles of Eco-design is a challenge that requires cooperation from all agencies, both the private and the public sectors. He sincerely hopes that the webinar will be of great benefit to SMEs operating in Eco-design as SMEs are the main drivers of the economy.

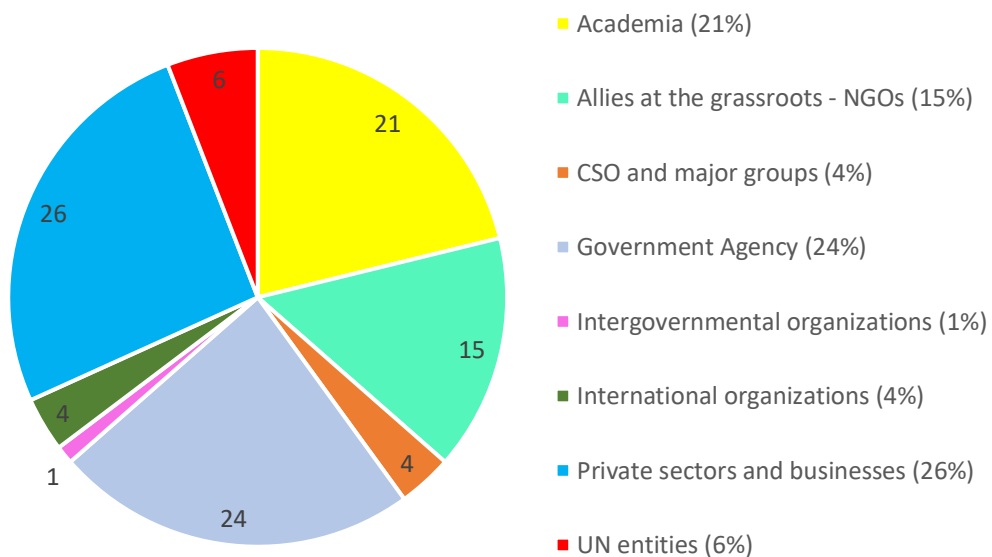
Review on Participants:

More than 80 participants were registered prior to the Unlock the challenges of the eco-design implementation for SMEs event. The event was attended by more than 100 participants on Zoom platform during the online event. Figures below presents the distribution of participants who registered prior to the online launch event by stakeholders, gender and session. Based on total of 85 registration, 62% were female represented mainly by Government Agency and Private sectors and businesses and 38% were male represented mainly by Academia sector. Around 21% of the participants registered for both session while 52% and 27% registered for Southeast and South Asia session respectively.

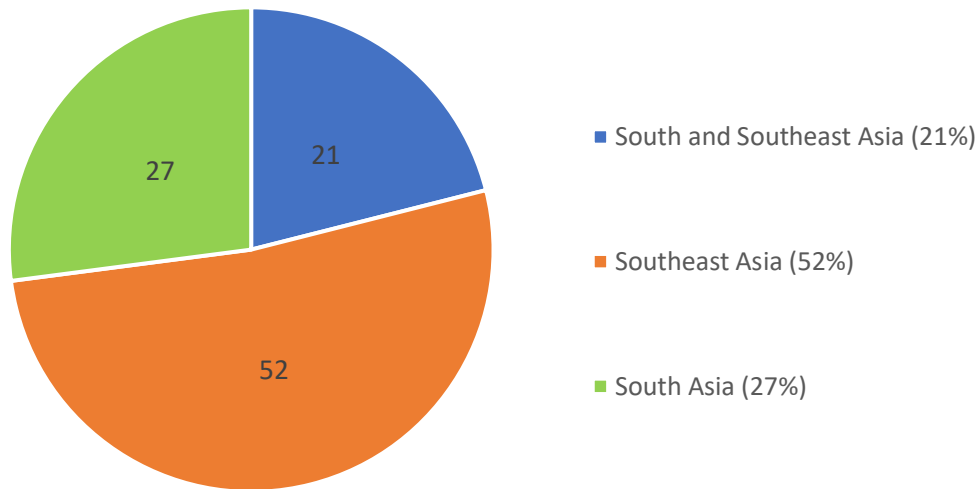
Registration by Gender (%)



Registration by Stakeholders (%)

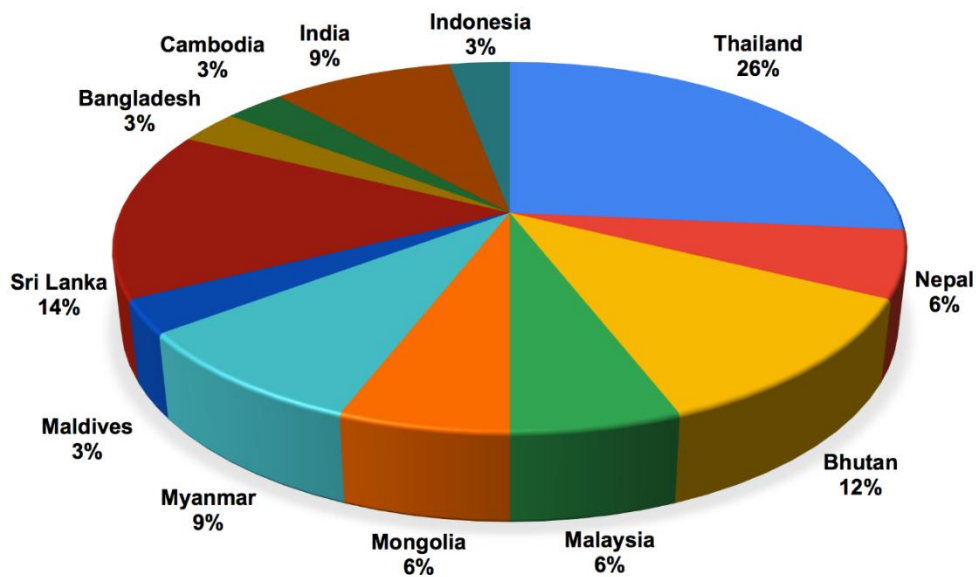


Registration by Session (%)

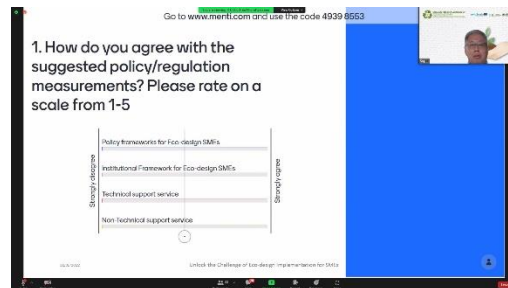
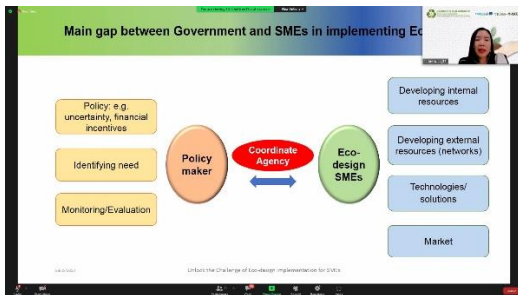


The South Asia session was mainly participated by participants from Thailand (26%) followed by Sri Lanka (14%) and Bhutan (12%), respectively. However, some participants from Southeast Asian countries, such as Thailand, Malaysia and Myanmar, also attended the webinar as well.

Registration by Country (%)



Snapshots of the event:



Annex:

Annex 1: The Final agenda

Time (ICT)	Theme
1500-1505	Remarks Dr. Naveed Anwar Vice President for Knowledge Transfer, AIT
1505-1515	Presentation of Government Policies to Promote Eco-design Approaches Dr. Syed Akhtar Hussain Shah Senator of Pakistan Institute of Development Economics, Ministry of Planning, Development & Reform Government of Pakistan
1515-1525	Policy Support and Financial Initiatives for Greening of SMEs in Thailand Dr. Md. Anowar Hossain Bhuiyan Assistant Professor, National University Bangladesh
1525-1535	A SME to Demonstrate Supporting Policies from Government, Loans from Banks and Benefits Created from their Businesses Punchaya Raksasakul & Prasit Pongsoon Co-Founder, KITFORWARD Co.,Ltd.
1535-1555	Q&A
1555-1605	Presentation of the Draft Paper (Findings from the Analysis and Supporting Statement from the Regional Webinar Especially Recommendations) Dr. Nithiwadee Buawat Researcher, Thailand Environment Institute
1605-1655	Open Discussion on the Supporting Measures both Policy and Economic which Enhance Eco-design in SME Discussion on Supporting measure for <ul style="list-style-type: none"> • Policy and regulation (25 min) • Financial and economic (25 min) Moderator: Dr. Supat Wangwongwatana Senior Advisor, Thailand Environment Institute
1655-1700	Conclusion and closing Dr. Mushtaq Ahmed Memon Project Manager, EU SWITCH-Asia Regional Policy Advocacy Component (RPAC)

For more information

SWITCH-Asia event page:

<https://www.switch-asia.eu/event/unlock-the-challenges-of-the-eco-design-implementation-for-smes/>

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