

Flash report

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



Date: 28 February 2022 | 10.00-12.00 (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
GFTS	Green Financing Schemes
GHG	Greenhouse gas
GITA	Green Investment Tax Allowance
GITE	Green Investment Tax Exemption
GPP	Green Public Procurement
GTMP	Green Technology Master Plan
OSMEP	Office of Small and Medium Enterprise Promotion
PET	Polyethylene Terephthalate
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 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 looked forward to learning from examples and perspectives 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

Mr. Abdulla Malik bin Atan

Director of Green Standards & Verification Centre Malaysian Green Technology and Climate Change Corporation

Mr. Malik presented the government initiatives in promoting eco-design approaches to business practices by SMEs in Malaysia. He gave the background how the government initially assisted SME's in accordance with the National Sustainable Consumption and Production Blueprint. The ten focused area under three major strategies which are Stakeholder intervention, Sectoral intervention, and Means of implementation. Eco-design is part of these strategic intervention and also the National Green Technology Policy called Green Technology Master Plan (GTMP) which is accelerating national economic growth toward sustainable development in areas of energy efficiency, environmental conservation, increase economic growth through green technology, and increase quality of life. He explained GTMP objectives beside the green technology that adopted to production and economic contribution, the GTMP outline the national effort in reducing 45% GHG emission by 2030.

Mr. Malik further briefly introduced the integration of GPP through MyHIJAU program for registering and certifying green technologies, products and services, and green labelling schemes. Some financial incentives used in the program to encourage consumption and production of green products and services are Green technology tax incentives (GITA and GITE) and Green Financing Schemes (GFTS). The MyHIJAU program criteria comply with the eco-design approach as it aims to minimize environmental degradation, reduce GHG emission, conserve the use of natural resources and promote the use of renewable resources.

Policy Support and Financial Initiatives for Greening of SMEs in Thailand

Dr. Apiradee Khaodhiar

Assistance Director, Office of Small and Medium Enterprise Promotion (OSMEP)

Dr. Khaodhiar presented a brief introduction on the Office of Small and Medium Enterprise Promotion (OSMEP), a government agency under the Office of the Prime Minister. The agency aims at supporting and promoting the competitiveness of Thai SMEs in both national and international levels. The OSMEP also acts as a system integrator to ensure public and private sectors are moving in the same direction. Although Thailand aims to reach carbon neutrality by 2050 and net zero GHG emission by or before 2065 as stated at the COP26, Dr. Khaodhiar said that there is still a big challenge in SMEs sector. Up to 85% of the SMEs are uninformed and lack of understanding regarding the implementation of CO2 tax emission policy. Therefore, the OSMEP, in a cooperation with Thailand Green House Gas Organization, launched a project to strengthen the SCP knowledge and provide business development service to the SMEs. Moreover, SMEs who is a member of the OSMEP would get the privilege discount for Green Label certification fee.

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

Ms. Sara Zhang

Assistant to CEO, BOTTLOOP

Ms. Zhang addressed that our current massive consumption is leading into big amount of waste and environmental disruption. To cope with the issues, both public and private sectors in China are implementing plans and reform commissions for promoting green consumption and eco-friendly product. BOTTLOOP is one of the Chinese sustainable lifestyle brands operated with the objective to follow sustainable production while also reducing plastic waste crisis and pursuing harmony of the human and nature by cultivating the internal motive. Many of its products are mainly made from the used PET bottles to tackle plastic waste crisis following the circular economy concept. The products are certified in the international level with Global Recycled Standard and ISO 9001. Ms. Zhang also presented examples of the company's eco-design products custom made for international organization and celebrity such as WWF, Mercedes-Benz and Kelly Cha.

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 Mr. Pornphrom Vikitsreth, Consultant to UNEP

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

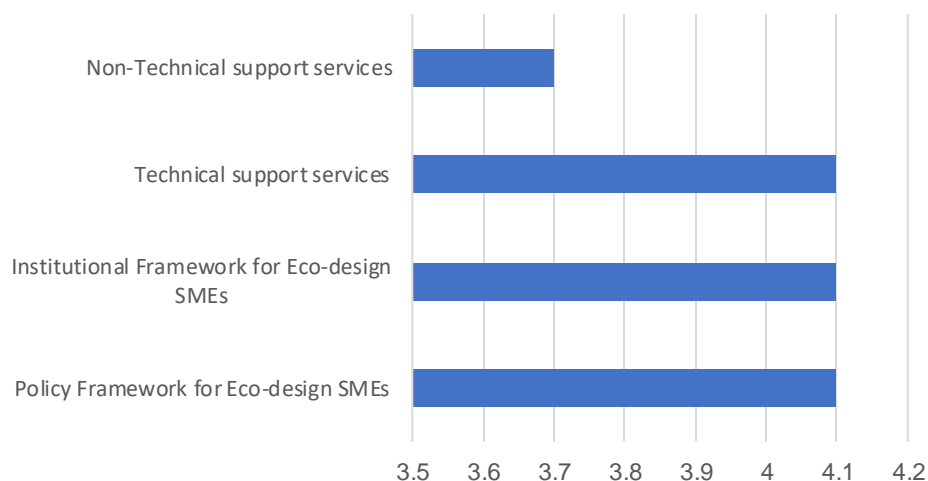
1. Policy and regulation
2. Financial and economic

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 drivers 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

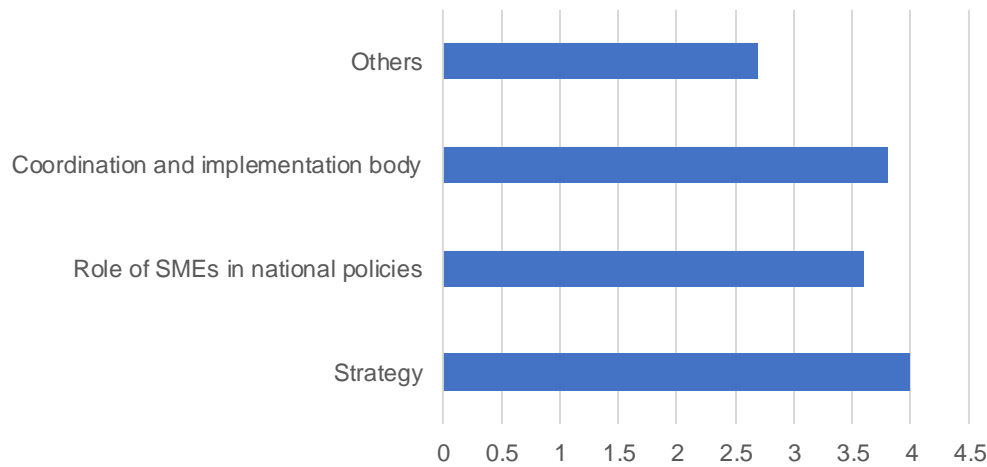
Driver of Policy/Regulation measurement



Majority of the participants agreed that Non-technical support services such as marketing and human resources training created the least impact in driving the eco-design approach in SMEs compared to the other drivers.

Composition of policy frameworks for supporting Eco-design SMEs

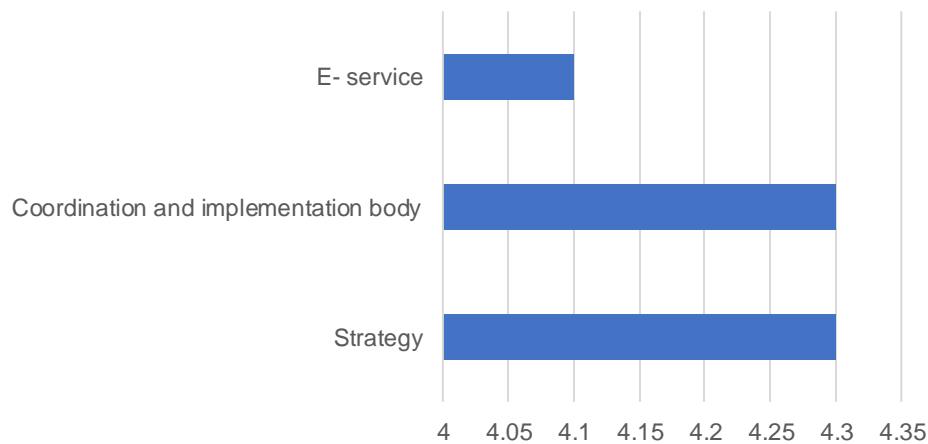
Composition of the Policy frameworks for supporting Eco-design SMEs



Considering policy or action plan specific to SMEs such as industrial policy for SMEs with an emphasis on Eco-design, the participants believed that Strategy should be promoted as a top priority followed by Coordination and implementation body, Role of SMEs in national policies, and others respectively.

Composition of institutional frameworks for supporting Eco-design SMEs

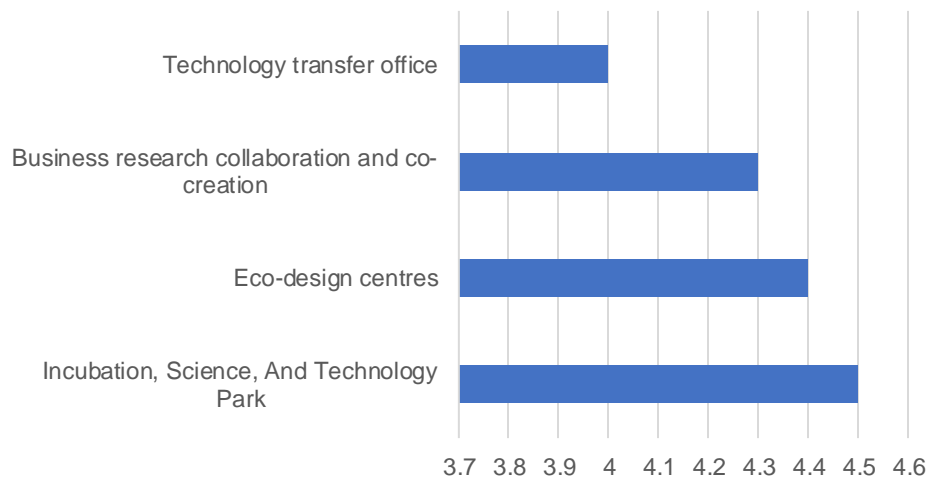
Composition of institutional frameworks for supporting Eco-design SMEs



Similar to the policy framework, Institutional Framework is also a fundamental mechanism in driving the 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 and Coordination and implementation body to be the top significant driver, followed by E-service.

Composition of technical support service for supporting Eco-design SMEs

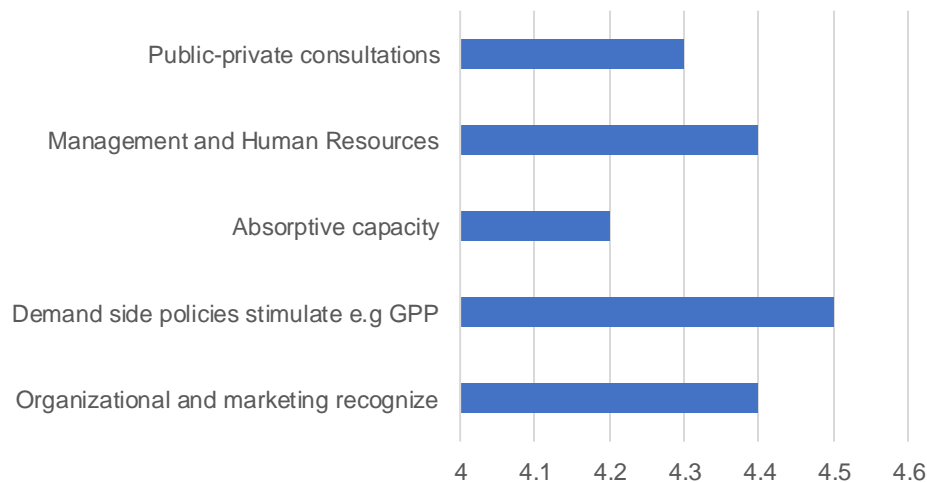
Composition of the technical support service



Technical support for eco-design is an innovation designed for advising 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 service



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 drivers of non-technical support, the participants agreed that the first priority composition should be Demand-side policies stimulate. The Management and human resources received equal ratings with the Organizational and marketing recognized as the second important driver.

Financial and economic

During the discussion, the participants actively shared examples of financial and economic tools used in their country and Southeast Asia to stimulate the eco-design approach. For example, tax incentives in Thailand and China and plastic banned in Malaysia. The TEI research team also presented the survey result of Top 10 Financial Incentive to motivate Eco-design as follows:

1. Tax Incentives to Promote Circular Economy (85%)
2. Incentives rewarding eco-friendly products (80%)
3. Investment Incentives Granted to a Qualified Investment Project (73.7%)
Tax incentive for user in buying eco-friendly products (73.7%)
4. A fund used to provide low-interest loans to energy businesses (65%)
5. Grant for sustainable and responsible investment (60%)
6. Taxes for natural resource management (52.6%)
Price Reduction and Bonus Point for user in buying eco-friendly products (52.6%)
7. Investment Tax Allowance for energy efficiency (50%)
Subsidies and Tax Breaks for using alternative energy (50%)
8. Tax exemption and tax holiday period (47.4%)
Credit against tax payable for investments in certain environmental protection (47.4%)
9. Fee for using natural resources (42.1%)
10. Excise tax for waste management (30%)

Conclusion and closing:

Dr. Mushtaq Ahmed Memon

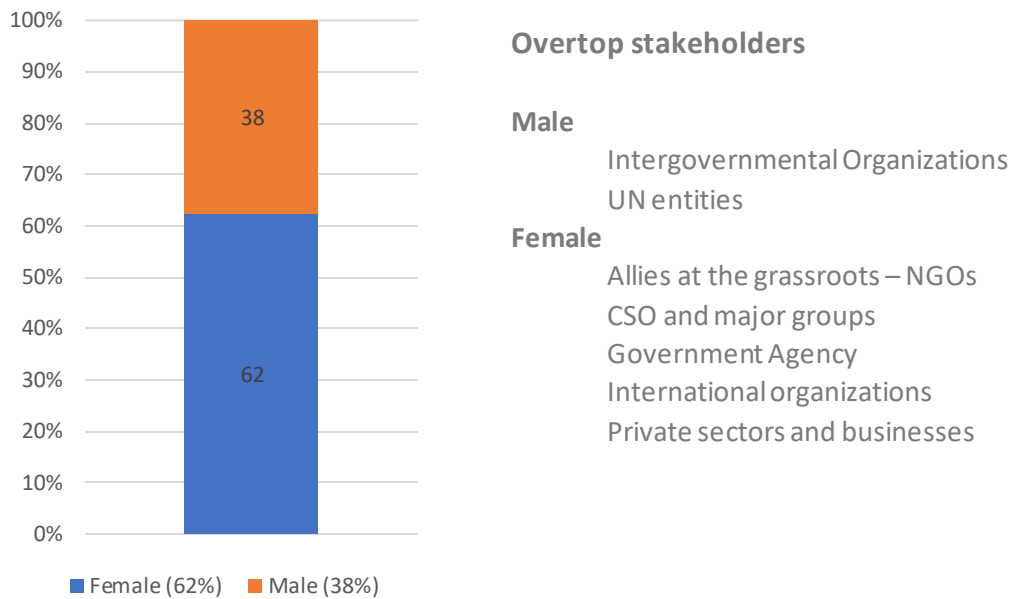
Project Manager, EU SWITCH-Asia Regional Policy Advocacy Component (RPAC).

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.

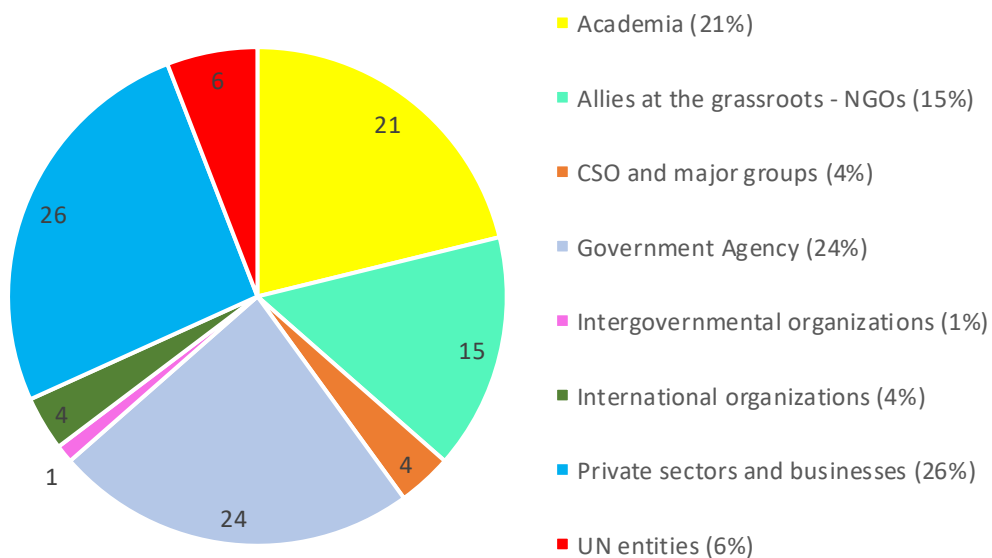
Review on Participants:

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.

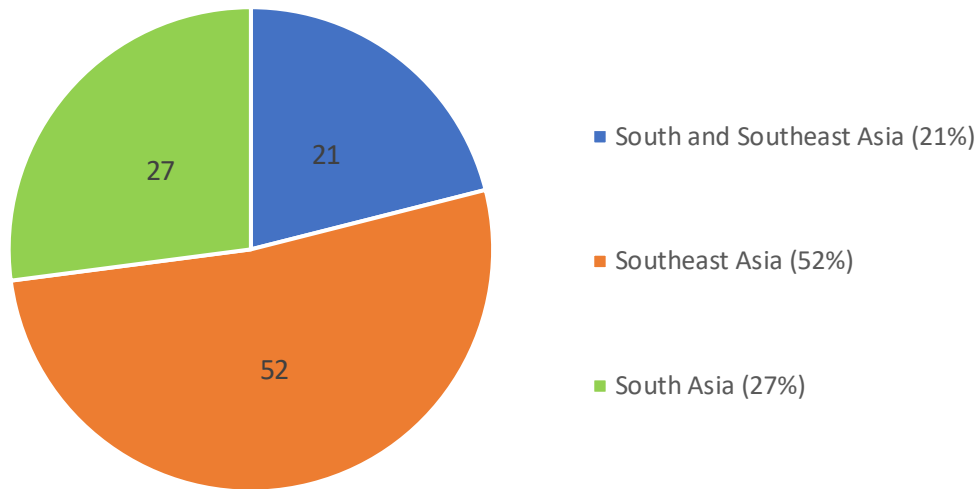
Registration by Gender (%)



Registration by Stakeholders (%)

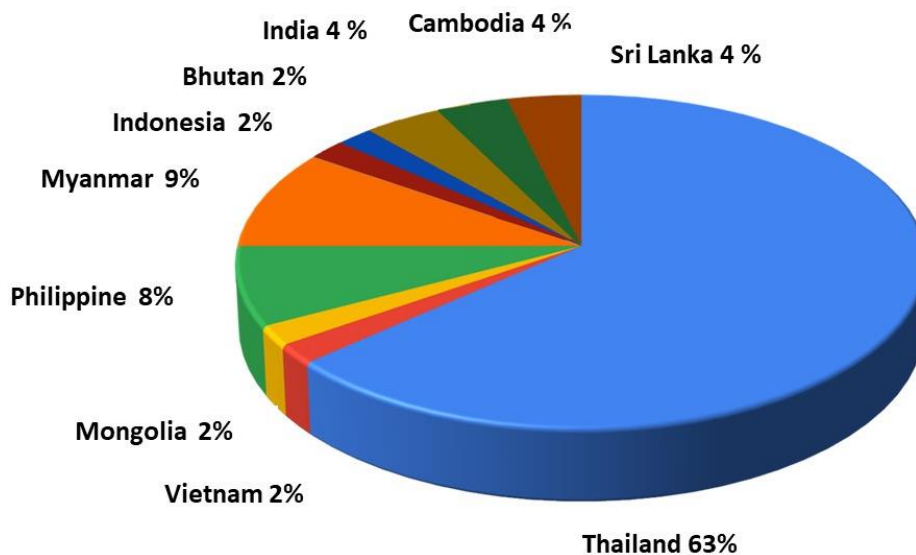


Registration by Session (%)

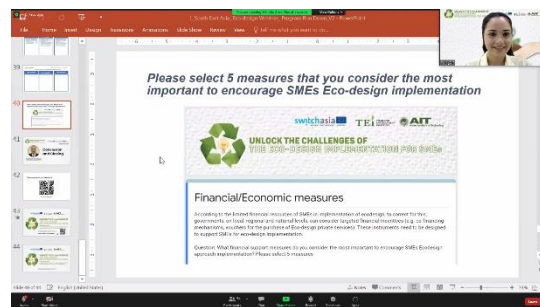
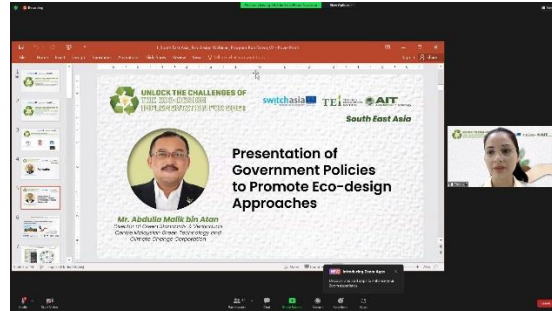


The Southeast Asia session was mainly participated by participants from Thailand (63%) followed by Myanmar (9%) and Philippine (8%), respectively. However, some participants from South Asian countries, such as India, Bhutan and Sri Lanka, also attended the webinar as well.

Registration by Country (%)



Snapshots of the event:



Annex:

Annex 1: The Final agenda

Time (ICT)	Remarks
1000-1005	Dr. Naveed Anwar Vice President for Knowledge Transfer, AIT
1005-1015	Presentation of Government Policies to Promote Eco-design Approaches Mr. Abdulla Malik bin Atan Director of Green Standards & Verification Centre Malaysian Green Technology and Climate Change Corporation
1015-1025	Policy Support and Financial Initiatives for Greening of SMEs in Thailand Dr. Apiradee Khaodhjar Assistance Director, Office of Small and Medium Enterprise Promotion, OSMEP
1025-1035	A SME to Demonstrate Supporting Policies from Government, Loans from Banks and Benefits Created from their Businesses Ms. Sara Zhang Assistant to CEO, BOTTLOOP
1035-1055	Q&A
1055-1105	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
1105-1155	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: Mr. Pornphrom Vikitsreth Consultant for UN Environment Programme, Economy Division
1155-1200	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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