

Sustainable Consumption and Production (SCP) Finance and Investment Scoping



WHERE WE ARE

In Asia, the need to mobilise SCP finance is important for a transformative economic and societal shift. However, Small and Medium-sized Enterprises (SMEs), particularly those employing novel technologies and business models for SCP, face obstacles in accessing finance. The EU's Global Gateway Initiative, including its financial support mechanisms, seeks to contribute to more accessible financing streams also for SMEs, including of SCP-relevance.

The European Fund for Sustainable Development Plus (EFSD+) serves as a key financial mechanism under the Global Gateway Initiative. This instrument aims to mobilise up to €135 billion in various sectors. Its main function is to stimulate investment through guarantees and blending grants.

To help support SWITCH-Asia's priorities, it is necessary to analyse how financial institutions can better consider financing SCP measures, particularly in SMEs, in their lending and support strategies. This applies especially to local banks working with the financing of SMEs.

WHERE WE WISH TO BE

The project seeks to advise key SWITCH-Asia stakeholders on the overall financing ecosystem of three countries, and develop country-specific overviews of SCP financing programmes and institutions for countries including, but not limited to, Indonesia, Vietnam, Cambodia, Bhutan, Bangladesh, India, Uzbekistan, Kyrgyzstan, and Tajikistan.

The analysis will focus on identifying gaps in financing mechanisms and how to align them with SCP-relevant policies and ensuring impactful SCP outcomes. It also seeks to evaluate SMEs' SCP financing avenues, capturing national SCP legislation, public programmes, bilateral financing, and initiatives by various financial entities. The findings are consolidated and recommendations developed.

WHAT WE ARE DOING

Despite varying depths in previous analytical work on SCP finance for SMEs in Asia, a standardised perspective on the status across the target region remains absent. The SWITCH-Asia Policy Support Component, due to its mandate and expertise, is positioned to further SCP integration into SME finance within the region.

The objective of this project is to bridge the gap between development finance strategies, including those of the EU, and the diverse and unique requirements of Asian countries regarding SCP and finance, enabling an integration of sustainable practices into the financial cooperation agenda.

Benefits of the Approach:

- 1** Analytical depth: The approach offers a comprehensive view of the SCP financing landscape in Asia for selected countries. By utilising expert knowledge and structured interviews and surveys, the approach ensures decisions and recommendations are backed by current, first hand data from the field.
- 2** Stakeholder Engagement: Engaging with SWITCH-Asia PSC stakeholders through workshops and publications ensures that a diverse range of perspectives are taken into account. It also fosters collaboration and collective action towards achieving SCP goals.
- 3** Flexibility & Scalability: While the project has identified target countries, its methodology is flexible enough to be adapted or scaled to other regions or countries if necessary. This adaptability ensures that the approach remains relevant even as geopolitical or economic landscapes change.

WHO WE ARE



SWITCH-Asia is a programme funded by the European Union (EU). Active since 2007, it seeks to promote Sustainable Consumption and Production (SCP) in the region. Through its 2019 EU Green Deal and Global Gateway, the EU has further committed to supporting the transition of countries to a low-carbon, resource-efficient and circular economy.

The SWITCH-Asia Policy Support Component provides direct support to regional organisations, national governments and related implementing agencies in charge of policies and regulatory frameworks relevant to SCP. This is done in the form of on-demand advisory on scaling up SCP policy and implementation as well as through creating a platform for knowledge exchange, and building capacities of regional institutions. All activities rely on the strong engagement of partner countries and organisations in co-creating the requested policies, processes and other deliverables.