



# Driving Green Recovery Pathways in South and Southeast Asia

## Insights from Micro, Small, and Medium-Sized Enterprises and Intermediaries

Policy Report | 2022

The Green Recovery Forum: Leveraging the contributions of  
MSMEs to achieve the SDGs

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## List of Abbreviations

<b>ADB</b>	Asian Development Bank
<b>ADFIAP</b>	Association of Development Financing Institutions in Asia and the Pacific
<b>AIT</b>	Asian Institute of Technology
<b>ANDE</b>	Aspen Network of Development Entrepreneurs
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>BOI</b>	Thailand Board of Investment
<b>DFI</b>	Development Finance Institutions
<b>EMC</b>	Environment Centre LLP
<b>EU</b>	European Union
<b>FI</b>	Financial institutions
<b>GHG</b>	Greenhouse gases
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
<b>IMF</b>	International Monetary Fund
<b>MFIs</b>	Microfinance Institutions
<b>MSMEs</b>	Micro, small and medium-sized enterprises
<b>NIA</b>	National Innovation Agency
<b>NNGSP</b>	Non-Normative Gender and Sexualities People
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>PFAN</b>	Private Financing Advisory Network
<b>REDEF</b>	Regional Economic Development Foundation
<b>SCP</b>	Sustainable Consumption and Production
<b>SDGs</b>	Sustainable Development Goals
<b>SEI</b>	Stockholm Environment Institute
<b>SMEs</b>	Small and medium-sized enterprises
<b>UNDP</b>	United Nations Development Programme
<b>UNEP</b>	UN Environment Programme
<b>WASH</b>	Water, Sanitation, and Hygiene
<b>WE4F</b>	Water and Energy for Food

## Executive Summary

Laying the foundation for a more inclusive, greener, and resilient region is a crucial phase of a green economic recovery for South and Southeast Asia. Asia's economic growth has slowed down from 7.5% in 2020 to 6.5% in 2021 due to the effects of the COVID-19 pandemic, even though the economic recovery in Asia is among the fastest in the world, there is still a divergence between Asia's advanced economies and emerging markets and developing economies (IMF, 2021). Most of these emerging and developing economies are situated in South and Southeast Asia where there is still a need for social policies, structural reforms, and investments in digital and green sectors to increase productivity (IMF, 2021). Reversing the pandemic-induced setbacks will require funds that are targeted at long-term social safety nets for the South and Southeast Asian economy, in which micro, small, and medium-sized enterprises (MSMEs) make up a large share of informal economic sectors. Such recovery strategies should also emphasise environmental sustainability, human rights fulfilment, gender equality, and social inclusivity in line with the sustainable development goals (SDGs).

The purpose of this **Driving Green Recovery Pathways in South and Southeast Asia: Insights from Micro, Small, and Medium-Sized Enterprises and Intermediaries** report is to showcase the importance of green and social MSMEs to drive Green Recovery and identify the supports that the intermediary and policy could provide. The insights in this report are derived from [The Green Recovery Forum: Leveraging the contributions of MSMEs to achieve the Sustainable Development Goals](#). The Green Recovery Forum is a collaborative partnership between [SEI](#), [SEED](#), [ANDE](#), and partners. The forum highlights MSMEs' potential and contribution to green recovery and their need for support to build back the economy while emphasising the MSMEs' green and social inclusion approach to achieving the SDGs. The Green Recovery Forum consists of two lead-up events which are the **Green Recovery Enterprise Clinic** and the **Green Recovery Intermediary Lab** and the **Green Recovery Multi-Stakeholder Forum** which is a culmination point for the forum where findings from the Clinic and Lab are presented in this report for intermediaries and policymakers to effect change in MSMEs policies.

The key results from the Green Recovery Enterprise Clinic were that MSMEs regionally are still operating their green and social business models through creating green products and services while taking into consideration social impacts such as employing marginalised groups. MSMEs are still able to adjust their cost structure in the face of COVID-19 negative impact and develop new organisational structures to market and provide services online. Key areas where MSMEs require more support are market, ecosystem, and gender equality readiness. MSMEs key target markets are negatively affected and are unable to access new markets. In terms of ecosystem support, MSMEs expressed their need to have more governmental, financial, and business development support to have a more resilient business model. Across the South and Southeast Asia region, gender equality needs more attention to increase women and non-normative gender and sexualities people in male-dominated sectors.

Intermediary support that is needed across South and Southeast Asia is capacity building not only for MSMEs themselves to understand environmental and social business impact assessment, but, also for policymakers and financiers to understand the source and size of financing that is appropriate for MSMEs at different stages. The emphasis on rural MSMEs supports in terms of training them to be more tech-savvy to increase their market access and business capacity-building workshops. Another concern is the need to continue to create more engagement amongst stakeholders on marketing green and social products and services. A particular engagement among stakeholders is between corporations and MSMEs to increase MSMEs market access as they act as a supplier in the corporate value chain.

This report outlines the seven green recovery readiness factors that show where MSMEs are mastering and seeking additional support in **Chapter 3. Green Recovery Readiness of MSMEs: South & Southeast Asia Regional & Country-Level Insights**. In **Chapter 4. Intermediary Support for MSMEs: South & Southeast Asia Regional & Country-Level Insights** the report then presents the intermediaries in South and Southeast Asia and the support services that they provide for MSMEs and areas that MSMEs still require more intermediary support such as impact assessment, finance deal facilitation, and providing market access opportunities. Lastly, **Chapter 5. Future Pathways: Policy Support for MSMEs in the Green Recovery** presents MSMEs policy support that were expressed by both MSMEs and intermediaries that participated in the Green Recovery Forum.

## **1. Introduction to the Roles of Micro, Small, and Medium-Sized Enterprises in Green Recovery**

MSMEs have the potentials to be one of the main drivers in mainstreaming green recovery through creating local green jobs, providing basic needs and services for marginalised communities, developing communities' innovation, and managing natural resources (SEED, 2021). South and Southeast Asian countries see the need to consider a long-term plan for economic recovery measures with environmental sustainability and social inclusivity under the concept of green recovery which is to build back economic prosperity by mainstreaming human rights, gender equality, and natural resources conservation and protection. According to the OECD Green Recovery Database, however, only 2% of governments' COVID-19-related spending was allocated to green recovery globally (OECD, 2021b). It is clear that more efforts should be put into mainstreaming green recovery by generating an ecosystem of supporting actors to rebuild a sustainable economy from the bottom.

Multiple development actors such as the Association of Southeast Asian Nations (ASEAN) and the Organisation for Economic Co-operation and Development (OECD) have recognised MSMEs' critical importance to local green and inclusive growth (OECD, 2021a). MSMEs are already among the target groups of the government's COVID-19 relief and stimulus package with financial assistance, low-interest loans, and other economic measures. While it indicates a good opportunity, it is important to couple this support with the green recovery concept. Adopting green recovery will strengthen MSMEs economic capability and bring benefits to the environment and marginalised and vulnerable groups including small-scale farmers, women, and persons with disability as part of their business practices.

### **1.1 Micro, Small, and Medium-Sized Enterprises in the Green Recovery Concept**

Globally, green and social micro, small, and medium-sized enterprises (hereinafter referred to as green and social MSMEs) make up to 90% of businesses and job providers for 50% of the world's economy (World Bank, 2022). Green and socially inclusive MSMEs are key drivers of the green recovery because they contribute to green growth, job creation, natural capital protection, and ensure human rights and gender equality in achieving the Sustainable Development Goals (SDGs). Supporting the MSMEs roles with increased digital transformation and building their resilience to future shocks in the green recovery is, therefore, crucial to ensure equitable green growth. At the MSMEs level, there are many green recovery measures that assist the MSMEs at the enterprise level, such as skills development, long-term transformation, synergies to scale up MSMEs impact, financial literacy, private sector engagement, and locations targeting high impact scale-up potentials (Figure 1. MSMEs Role in the Green Recovery and Green Growth).

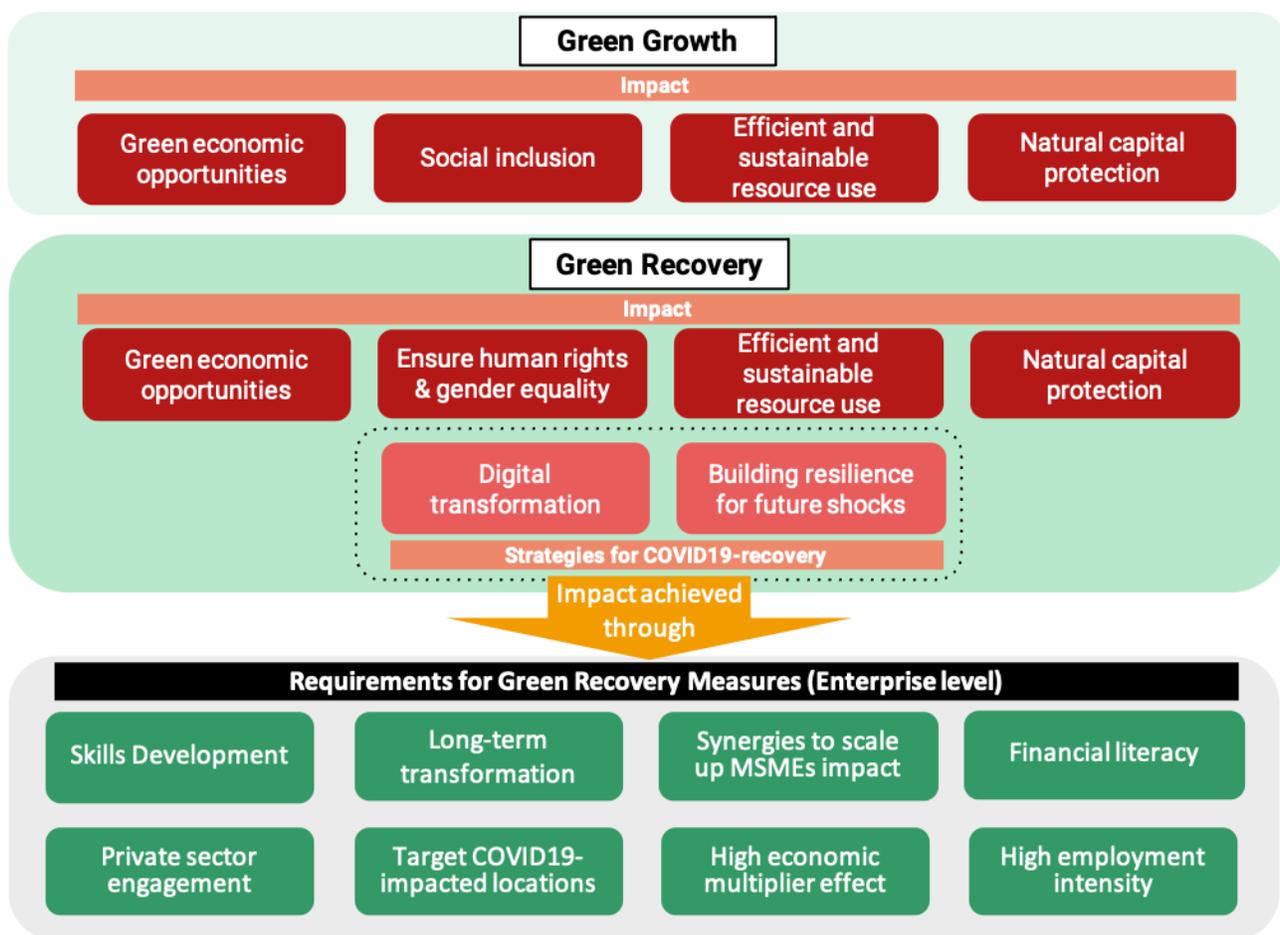


Figure 1. MSMEs Role in the Green Recovery and Green Growth

## 1.2 Green and Socially-Inclusive MSMEs as Green Recovery Contributors

Green and socially inclusive MSMEs are contributors of green growth, social inclusion, sustainable resource use, natural capital protection, and pandemic resilience. These MSMEs contribute to many SDGs such as SDG 1 on No Poverty, SDG 5 on Gender Equality, SDG on 8 Decent Work and Economic Growth, SDG 11 on Sustainable Cities and Communities, SDG 12 on Responsible Consumption and Production, and SDG 13 on Climate Action (Figure 2. Green and Social MSMEs contributions to the Green Recovery Goals).

**Green Job Creators <-> Green Growth:** MSMEs are the backbone of many economies as they constitute most of the world's business and jobs. As such green and social MSMEs create many green jobs which significantly contributes to green growth. More importantly, outside urban areas, MSMEs provide most of the employment which affects people's livelihoods and forced migration when these MSMEs fail and are closed down (Albaz et al, 2020).

**Basic Service Enablers <-> Social Inclusion:** Green and social MSMEs provides goods and services to underserved and marginalised communities as well as provide jobs for them as suppliers, distributors, and employees. The OECD estimates that these MSMEs provide job opportunities to four billion people from the low-income class and/or marginalised communities which translates to a market opportunity of \$5 trillion globally (OECD, 2018).

**Green Technology Providers <-> Efficient and Sustainable Resource Use:** The green aspect of these MSMEs comes from their ability to develop products with reduced environmental impact, adopt green business models, and comply with green practices, regulations, and standardisations. Furthermore, MSMEs green products and services contribute to fostering sustainable consumption and production and sustainable resource use (SEED, 2021).

**Nature Conservationists <-> Natural Capital Protection:** A green contribution that these green and social MSMEs provide is their role in promoting sustainable use of natural capital and advocating for natural resource protection (SEED, 2021).

**Resilience Builders <-> Pandemic Resilience:** In adapting to shocks and disturbances, green and social MSMEs are able to create a more sustainable market setting with their environmentally and socially conscious innovations in their products, services, and value chain. These sustainable products and services are, therefore, a part of the climate change adaptation and mitigation strategies. On the socially inclusive side, these MSMEs have more flexible operations and adaptable business models which allows them to leap forward into new markets and find new solutions to interruptions in their supply chains (Figure 2. Green and social MSMEs contributions to the Green Recovery Goals) (SEED, 2021).

In a recently published SEED **Green Recovery Snapshot** titled "[Eco-Inclusive Enterprises Driving Green Recovery Pathways](#)", SEED carried out interviews with 36 enterprises and 15 ecosystem support organisations in 2021 and assessed their green recovery contributions to showcase their impacts in detail (SEED, 2021) (Table 1. Green and social MSMEs Impacts in Detail). For the examples of green and social MSMEs that operate in the South and Southeast Asia, visit this [SEED webpage](#) and find out about their positive environmental and social impact.

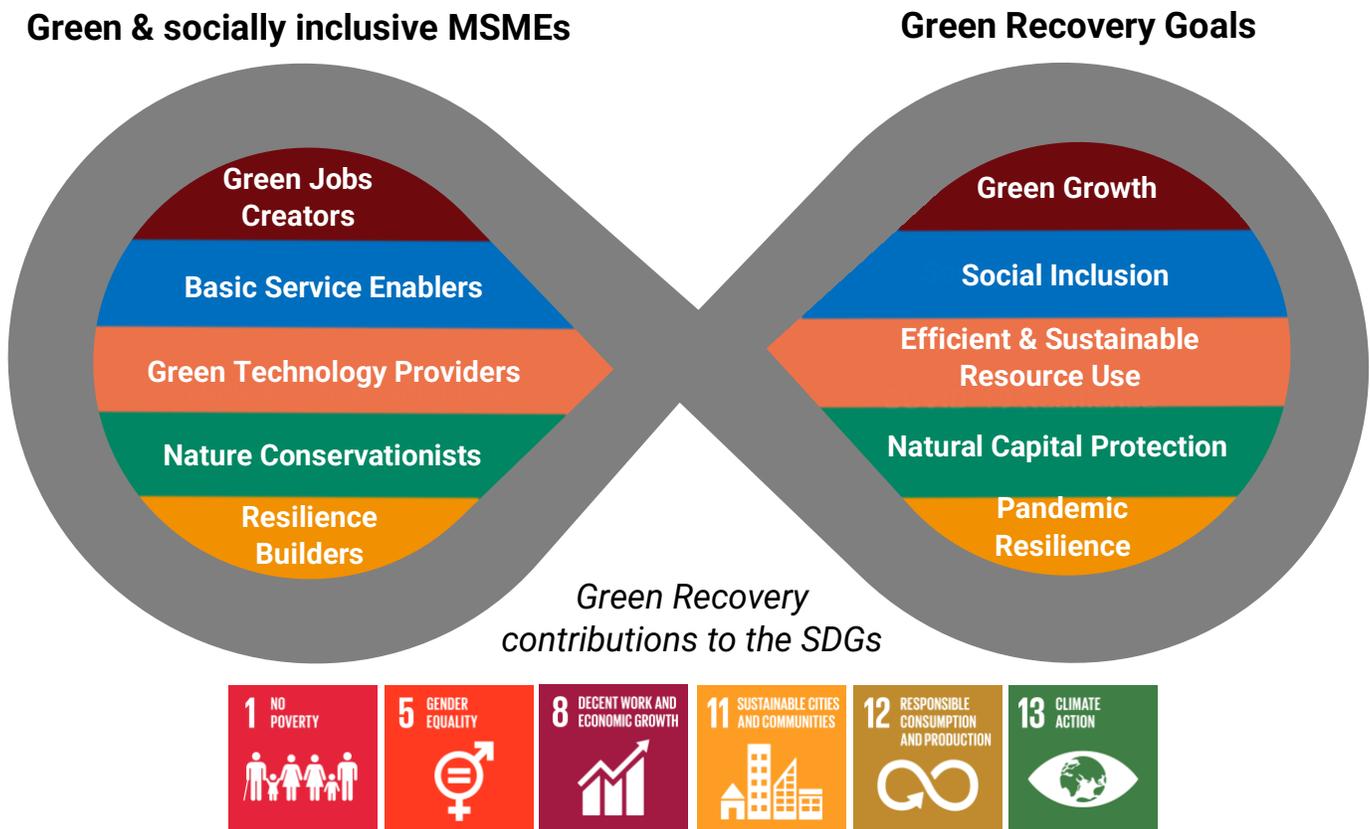


Figure 2. Green and Social MSMEs contributions to the Green Recovery Goals

Role of Eco-inclusive enterprises	Evidence from snapshot report
Are job creators and drivers of green growth	58% of SMEs surveyed created new jobs in 2020 - 64% are part-time and 36% are full-time opportunities
Provide basic services to underserved communities	More than 50% of SMEs surveyed provided a 'very high' level of safety net support for their communities
Foster development of green innovation for sustainable consumption and production	50% of SMEs surveyed contribute to energy saving, 35% contributed to water saving and 39% contributed 'highly' to emissions savings
Protect, conserve and restore natural ecosystems	55% of SMEs surveyed contribute to organic agriculture and 39% contribute highly to forests protection
Are resilience builders for the communities they operate in	88% of SMEs surveyed invested in R&D and digital investments and 90% enterprises increased digital transformation in response to COVID-19 in 2020

Table 1. Green and Social MSMEs Impacts in Detail from SEED's (2021) interview with 36 enterprises and 15 ecosystem support organisations in SEED's Green Recovery Snapshot titled "[Eco-Inclusive Enterprises Driving Green Recovery Pathways](#)".

## 2. A Green Recovery Forum as a Platform for Multiple Stakeholders to Showcase MSMEs Contributions

[The Green Recovery Forum: Leveraging the contributions of MSMEs to achieve the Sustainable Development Goals](#) was a collaborative partnership between SEI, SEED, ANDE, and partners. The forum highlighted MSMEs potential and contribution to green recovery and their need for support to build back economically while emphasising the MSMEs' green and socially-inclusive approach to achieving the Sustainable Development Goals. The Green Recovery Forum consisted of two lead-up events which were the **Green Recovery Enterprise Clinic** and the **Green Recovery Intermediary Lab** and one public event, namely the **Green Recovery Multi-Stakeholder Forum**. The final public event was the culminating point of the forum where findings from the Clinic and Lab were presented to intermediaries and policymakers to influence changes in policy support for MSMEs.

### 2.1 The Green Recovery Enterprise Clinic

The Green Recovery Enterprise Clinic took place on February 9<sup>th</sup>, 2022 to highlight the contributions that green and socially inclusive MSMEs have in a sustainable and equitable recovery and explore MSMEs challenges that hindered them from achieving the SDGs and having COVID-19 resilience. Through a virtual participatory workshop guided by an assessment, 17 green and social MSMEs came together to comprehensively assess topic areas relevant to their businesses.

The Green Recovery Enterprise Clinic Assessment tested 17 green and/or social MSMEs from Thailand, Indonesia, and India on seven critical Green Recovery readiness factors which are: 1) business readiness, 2) financial readiness, 3) organisational readiness, 4) ecosystem readiness, 5) social inclusivity readiness, 6) market readiness, 7) gender equality readiness (Figure 3. Seven Critical Green Recovery Readiness Factors guiding the Assessment). The 17 MSMEs work focused on providing products and services that contribute to renewable energy, waste management, health, biodiversity, sustainable agriculture, and youth and women empowerment. These seven factors are selected based on the existing challenging areas that hinder MSMEs from the path of sustainable development and scaling up their business operations. The data was collected at the country level and then the accumulated average median score was calculated for a regional-level ranking of the seven critical Green Recovery readiness factors.

The results showed that MSMEs were doing well in terms of their business readiness meaning that most businesses have an eco-efficient method of production and a wide variety of social and environmental products and/or services in existence. MSMEs also had great social impact readiness meaning that they were employing, serving, and had managerial positions for marginalised groups (i.e., low-income, minority, indigenous groups, people with disabilities, and small-scale farmers) in their value chain and businesses. The factors that MSMEs needed additional support in are financial, market, ecosystem, and gender equality. Meaning that enterprise sales went down and had less market access; enterprises needed more financial and ecosystem support; and also, enterprises needed to pay more attention to increasing women and non-normative gender and sexualities people in male-dominated sectors.



Figure 3. Seven Critical Green Recovery Readiness Factors guiding the Assessment

## 2.2 Green Recovery Intermediary Lab

Following the Green Recovery Enterprise Clinic, SEED implemented the Green Recovery Intermediary Lab on February 23<sup>rd</sup>, 2022 which brought green and social MSMEs intermediaries together to co-create practical policy recommendations built on the findings from the Green Recovery Enterprise Clinic. The Intermediary Lab had 30 participants from eight countries in South and Southeast Asia who were incubators, academic business development supporters, researchers, development institutes, and business support organisations. In the Green Recovery Intermediary Lab, the intermediaries gathered to map out current MSMEs support options; map out what other MSMEs support options are needed; review policy recommendations; and offer new collaboration opportunities amongst intermediaries.

The Green Recovery Intermediary Lab resulted in policy recommendations to further support MSMEs. The MSME support option needs are focused on raising regional awareness and synergies across South and Southeast Asia. The need to raise awareness in areas in which MSMEs require further business support and intermediaries' ability to cooperate to create targeted capacity building and networking programmes with larger positive impacts for the MSMEs. In addition, financing for green and socially inclusive MSMEs should be mainstreamed and responsive to real needs. Financing should come with business incubation, on topics such as financial literacy, so that the supply and demand correspond to each other's needs and considerations. Government and financial institutions need to also have a better understanding in partnership with intermediaries about MSMEs funding and ticket size for different MSMEs sizes and stages. Lastly, impact assessment training for MSMEs, and understanding the MSMEs impact on financial institutions and government bodies will be crucial to providing financial support and creating better MSMEs business development support.

## 2.3 Green Recovery Multi-Stakeholder Forum

The **Green Recovery Multi-Stakeholder Forum** was hosted virtually on March 31<sup>st</sup>, 2022, and engaged a wider circle of ecosystem stakeholders which included public agencies, development partners, international organisations, corporate foundations, and civil society organisations to highlight the role of MSMEs in green recovery and scaling MSMEs support options. The forum, based on the gathered insights and recommendations from the **Green Recovery Enterprise Clinic** and **Intermediary Lab**, aims to gather policy recommendations to support the overall uptake with key ecosystem actors.

The Green Recovery Forum served as a culminating public event of 80 participants which facilitated dialogues about Green Recovery MSMEs policy decisions. The Multi-Stakeholder Forum provided a platform to create mutual recognition for sustainable goals in economic recovery, boosting back income, and growth on a fair and environmentally-friendly path.

# 3. Green Recovery Readiness of MSMEs: South & Southeast Asia Regional & Country-Level Insights

In the framework of the Green Recovery Forum, SEED conducted a **Green Recovery Enterprise Clinic** which invited green and social MSMEs to self-assess their readiness as a contributor to green recovery and their resilience in the face of external abruptions such as in the case of COVID-19. This assessment was complemented with an online survey for enterprises in South and Southeast Asia who did not join the clinic.

In total, we analysed responses from 17 enterprises from Thailand (n=5), Indonesia (n=7), India (n=4), and Bangladesh (n=1), providing an overview of enterprises' contributions and the support needed by these enterprises. Building on seven green recovery readiness factors and a total of 21 assessment questions (i.e.,

three questions per readiness factor), the enterprise clinic generated insights on the readiness of participating MSMEs. Each question was rated 0, 1, 2, or 3 generating a ranking from 0 to 9 for each readiness factor (Figure 3. Seven Critical Green Recovery Readiness Factors guiding the Assessment).

1. **Business readiness:** MSMEs adapt their business model to meet the changing social, environmental, and economic conditions such as diversifying their products to meet new market needs. These shifts create resilience in the business by ensuring relevance with their customers and by offering diversified income streams for the MSMEs (SEED, 2020). Business resilience also takes into consideration its environmental impact such as having less energy-intensive production methods and using few resources thus lowering input costs which greatly improve profit margins.
2. **Financial readiness:** Small and early to beginning-stage businesses are accustomed to irregular cash flows and working with fewer cash reserves. Financial readiness takes into consideration the MSME's cost structure (i.e., their pricing and payment conditions), financial management (SEED, 2020), and their green financing eligibility as some businesses have adjusted their conditions to reflect the economic shocks that they are facing.
3. **Organisational readiness:** MSME's ability to operate with new regulations and changing contexts, manage technical capacity, and maintain their triple bottom line impact. COVID-19 has accelerated digitalization within many MSMEs as they move online business components such as sales and marketing, logistics, and operations management online using both open source and customized tools (SEED, 2020).
4. **Market readiness:** The impact of the pandemic on the MSMEs was determined by how they still could reach their target market which is determined by their sector, production sites, market geography, and their green and socially inclusive business models (SEED, 2020). This readiness factor also takes into consideration whether the MSMEs have been able to access new markets because of their green and/or social business model.
5. **Ecosystem readiness:** MSMEs can rely on their partners and ecosystem actors which provide financial, policy, research, and capacity support along the value chain. This factor also considers MSMEs ability to continue to create positive environmental and social impact because MSMEs themselves provide basic services to underserved communities and act as a safety net support for their communities<sup>1</sup>.
6. **Social inclusivity readiness:** Social inclusivity refers to the MSMEs ability to serve, employ, or provide goods and services to low-income, minority groups, indigenous, and the disabled. This social inclusivity readiness factor also measures the percentage of management that is from marginalised groups as leadership roles for marginalised populations translate into further self-confidence, self-sufficiency, and economic empowerment, which are builds resilience for these underrepresented communities and reduce the risk of future exploitation (Deloitte, 2020).
7. **Gender equality readiness:** Gender equality readiness refers to the MSMEs ability to serve, employ, and provide goods and services for women and non-normative gender and sexualities people (NNGSP). To measure whether the MSMEs go an extra mile in terms of supporting gender equality this factor also takes into account whether an MSME has a specific market segment that caters to women and NNGSP<sup>2</sup>.

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<sup>1</sup> Examples of MSMEs that are winners and finalists for SEED Low Carbon Awards 2019 that provide basic services to underserved communities are 1) [Komodo Water](#) in Indonesia which provides solar powered fresh water and ice solutions for remote islands communities to increase access to fresh water for underserve communities and 2) [SunSawang Thailand](#) which provides solar systems which can be installed in places that are off the main energy grid (SEED, 2019a; SEED, 2019b).

<sup>2</sup> Not having a specific gendered market segment is a prominent gender inequality issue especially in the Water, Sanitation and Hygiene (WASH) sector where women and NNGSP people do not have access to certain reproductive healthcare products and services that are specific to their genders, such as contraceptives for NNGSP and sanitary napkin products for women (Albuquerque et al., 2016; UNAIDS, 2021).

The spider charts on the following pages provide an aggregated overview of the readiness assessments of the enterprises. The analyses are available at regional and country levels, in which Thailand, Indonesia, and India will be the focus of the discussion.

The enterprise assessment findings generated are in line with earlier findings on green recovery research conducted by [SEED](#) (2021a) and [ANDE](#) (2021), even though the number of participating enterprises was limited to 17.

In the following enterprise assessment results analysis, the focus is on the enterprise needs for support and which needs are a top priority, and how these needs for support relate to country-specific enterprise needs and challenges. It is important to note that, however, due to the small number of responses, these analyses aim to provide an indicative overview of the green recovery readiness in the region. All three green recovery events serve as a consultative platform to confirm and deep dive the results of this green recovery assessment.

### 3.1 South & Southeast Asia Regional Insights: Green Recovery Readiness and Support Needs of MSMEs

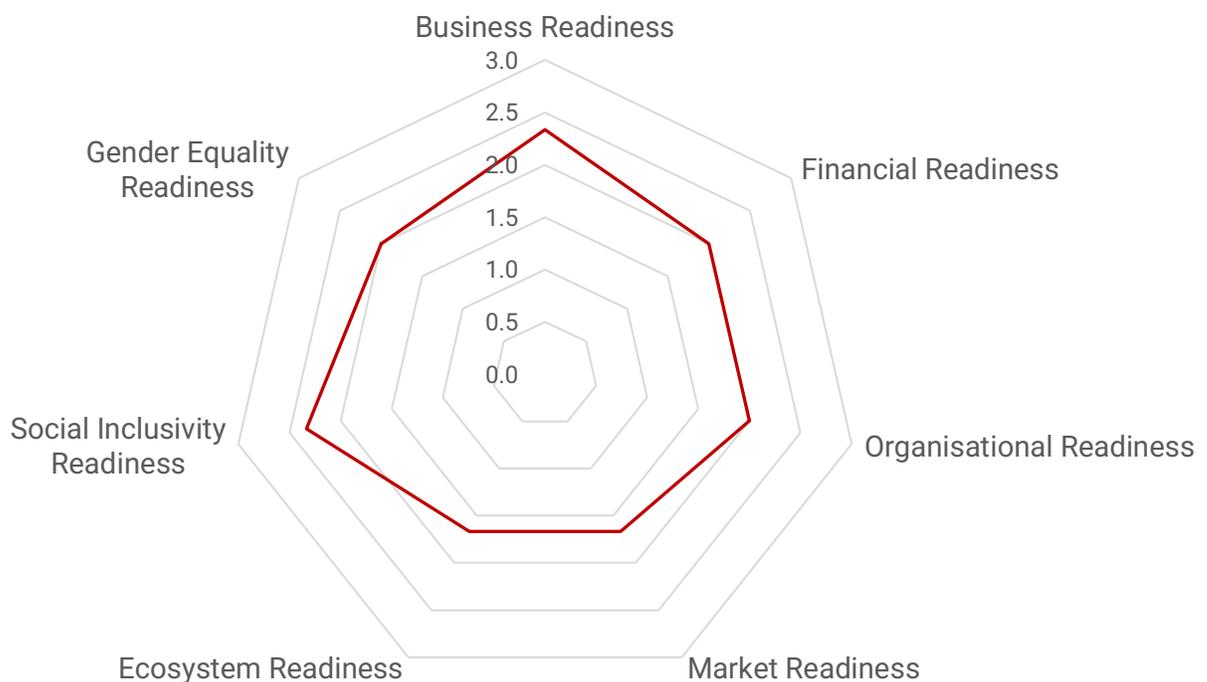


Figure 4. Regional Green Recovery Readiness in South and Southeast Asia

Enterprises in South and Southeast Asia show relatively strong business and social inclusivity readiness, reflecting the emerging sustainable and responsible products and their supply chains. These enterprises also expressed to be more gender-inclusive in their business process, although more needs to be done to improve access for gender minorities to these products.

Achieving an inclusive market, however, might be more challenging as the markets for these products are affected by the COVID-19 pandemic. Such external shock does not only hit the end markets focused on sales,

but also the markets for raw materials needed to produce these sustainable products. Without proper capital access and organisational capacity, these enterprises experience significant challenges to recover from the pandemic shock. To support these enterprises, a strong ecosystem is needed that could provide them with necessary assistance, in terms of financing and capacity building.

Green recovery support at the regional level is only available in Southeast Asia, given the existence of ASEAN which helps the coordination between its member states. The ASEAN Comprehensive Recovery Framework adopted in 2020 lays out five key strategies for COVID-19 recovery, covering health systems, human security, intra-ASEAN market and economic integration, inclusive digital transformation, and a resilient future (ASEAN, 2020). Support for MSMEs appeared in four of these strategies except for health systems. The planned supports include capacity building, digital inclusion, and market access for MSMEs across the region. It is noteworthy that, however, specific programmes and supports for MSMEs will be implemented by the national government given the non-binding nature of the framework and the coordinating role of ASEAN.

### 3.2 Thailand Insights: Green Recovery Readiness and Support Needs of MSMEs

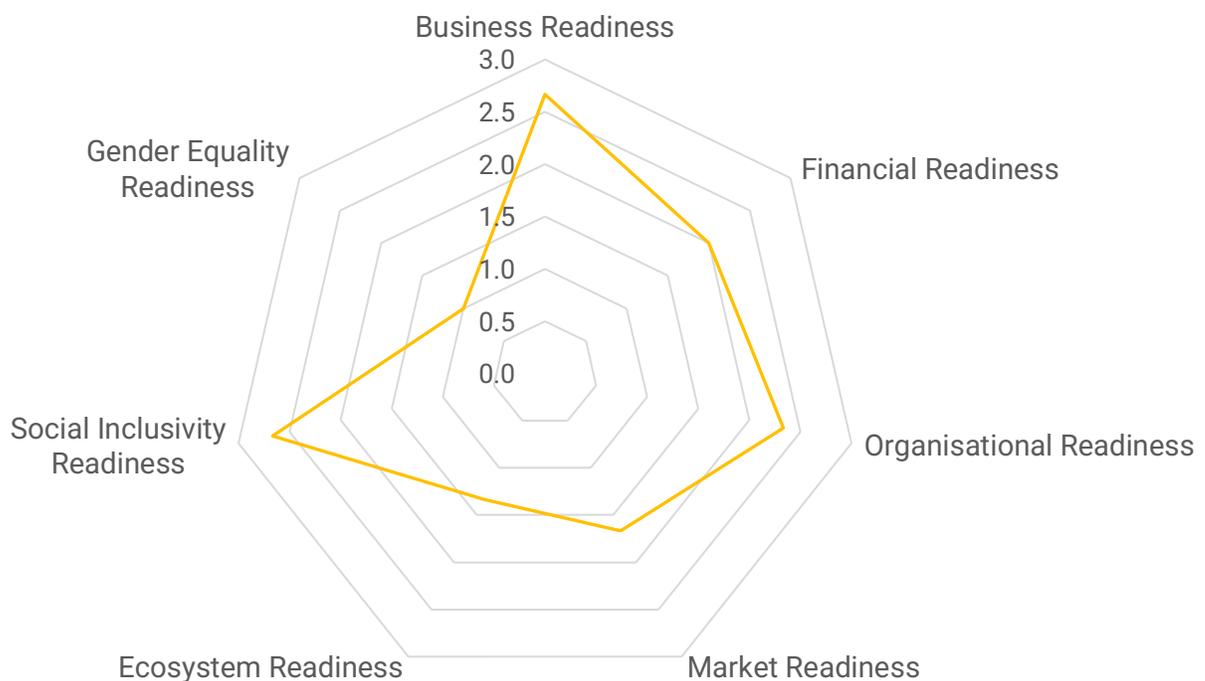


Figure 5. Green Recovery Readiness in Thailand

Similar to the regional results, enterprises in Thailand appeared to be very strong in business, social inclusivity, gender, and organisational readiness. There are various sustainable products being developed and produced in the country, which takes into consideration the social inclusion factor. More specifically, enterprises with environmental impact goals appear to be more flexible and inclusive of gender minorities. Thailand-based enterprises, however, appeared to be lacking in gender equality components, indicating a business model that

gives less emphasis on catering to the needs of and sourcing from women and non-normative gender and sexuality groups.

At the same time, the enterprises in Thailand are losing their access to markets domestically and internationally due to COVID-19. Without enough financial capacity and strong support from the ecosystem to bear the impacts of COVID-19, these enterprises may face significant challenges to rebuild their businesses post-pandemic. Therefore, the enterprises in Thailand expressed the need for ecosystem support that could help scale up their impacts, which can be related to financial support and market access. Although the enterprise assessment shows a good organisational capacity, which reflects their digitalisation and operational efficiency, many rural enterprises still lack that quality. Thus, enterprises in the rural areas require capacity-building support to use social media as a marketing tool, an important business strategy that could create resilience against major disruptions.

Regarding the impacts of COVID-19, the Thai government responded by reactivating the Bio-Circular-Green (BCG) Model for a sustainable recovery through four strategic areas including (1) food and agriculture; (2) medical and wellness; (3) energy, material, and biochemicals; and (4) tourism and creative economy (Ministry of Foreign Affairs, 2021). Albeit not directly related to green recovery, the BCG Model provides a framework to guide Thailand in building back a healthier, greener, and more inclusive economy after the pandemic.

### 3.3 Indonesia Insights: Green Recovery Readiness and Support Needs of MSMEs

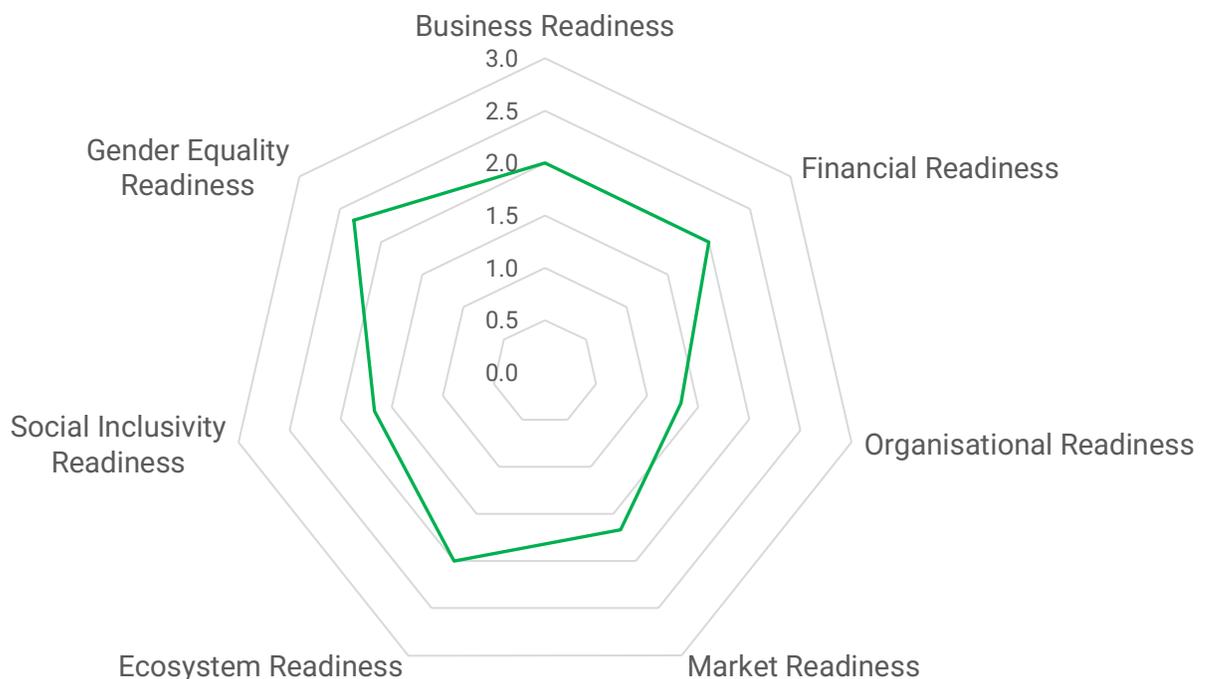


Figure 6. Green Recovery Readiness in Indonesia

Enterprises in Indonesia reported that they have good gender equality readiness, reflecting their business models that are responsive to and inclusive of women and non-normative gender and sexuality groups. They

have a variety of products that are sustainable, albeit not necessarily their entire business model, with healthy cash flows and possibilities to reduce costs at times of shock. Yet, they do not necessarily cater to the specific needs of the vulnerable and marginalised groups.

Moreover, these enterprises have been facing challenges with market access to sell their products and services. They are also struggling with organisational capacity, especially with entrepreneurial and soft skills that increase business growth. Digitalisation has been helpful for enterprises, but not all of them have the capacity to increase digitalisation.

As a result, Indonesia-based MSMEs require the government’s support to further develop their sustainable business models. The Government of Indonesia through its green recovery framework has allocated resources to support green recovery in waste, energy, and forestry sectors. For MSMEs, the national government will particularly support those in the waste sector through soft loan and safeguard program in 2022-2024 worth of IDR 3.57 trillion (approximately USD 246 million) through the Ministry of Cooperatives and Small and Medium Enterprises (BAPPENAS, 2021). On top of the government’s assistance programme’s list is MSMEs support provided by the larger enterprise development ecosystems, such as micro-credit entities, business incubators, and even small business-focused civil society organisations. Accessing these potential resources will potentially help Indonesian MSMEs recover from COVID-19 disruption in a more sustainable manner.

### 3.4 India Insights: Green Recovery Readiness and Support Needs of MSMEs

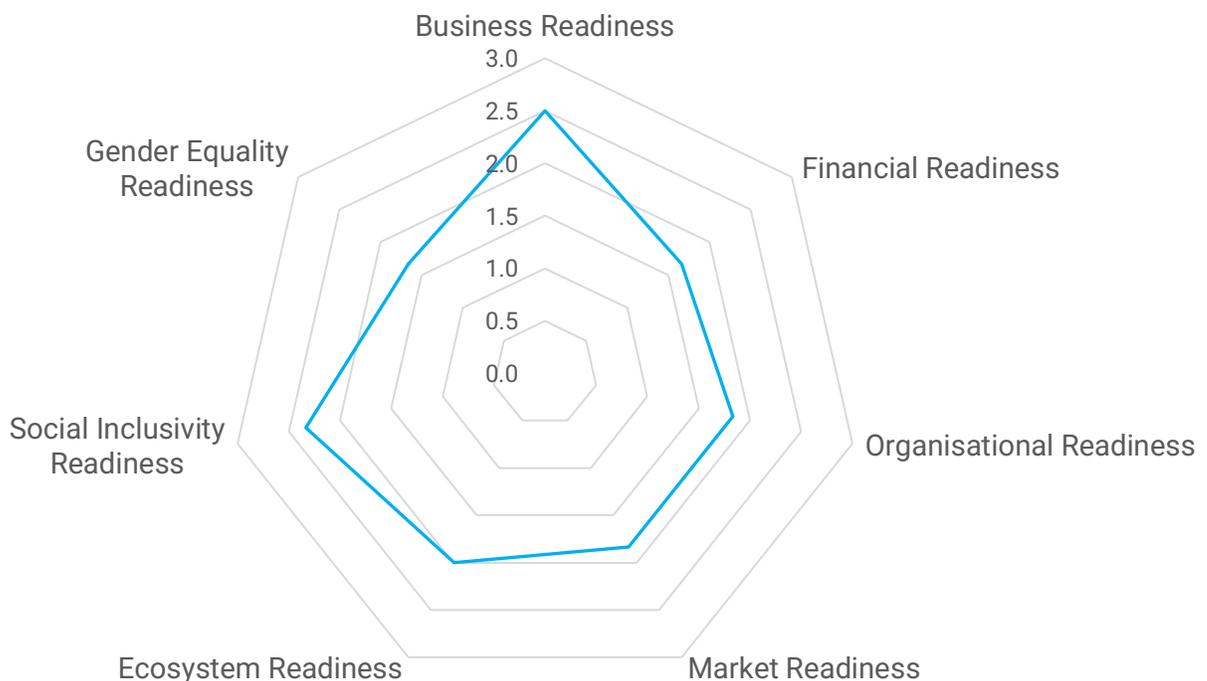


Figure 7. Green Recovery Readiness in India

The MSMEs assessment in India showed that the enterprises performed relatively well in business and social inclusivity readiness. It reflects the availability of various sustainable products in India that, to some extent, cater

to marginalised groups. Despite the inclusive nature of the business models, they are not necessarily gendered responsive, although workplace diversity is progressing in some enterprises. During the COVID-19 pandemic, Indian-based enterprises have been financially affected. This was due to the decrease in the demand for their products and the lack of organisational capacity to cope with such a shock, including the digitalisation of their business operations for rural enterprises.

Even so, Indian enterprises expressed that they have relatively good ecosystem support, be it monetary or in-kind skills development, that keeps them afloat. Access to financing is, thus, sought after by the enterprises to recover from the COVID-19 shocks. And yet, the support provided by the government for MSMEs in India is limited. The USD 325 billion worth of COVID-19 stimulus injected by the Indian government does not exactly promote green recovery for MSMEs, as the stimulus mainly targets healthcare, welfare, and economically significant sectors affected by the pandemic, especially the energy, industry, transport, and agriculture sectors (Vivid Economics, 2021). Therefore, the Indian enterprises might need to rely on non-governmental support and assistance, which some enterprises already have access to.

## **4. Intermediary Support for MSMEs: South & Southeast Asia Regional & Country-Level Insights**

MSMEs success in contributing to the green recovery is, however, a collaborative effort with support from various actors, such as MSMEs intermediaries. These MSMEs intermediaries are incubators, accelerators, academic institutions, research and development institutions, and business support organisations. They have been and will still be essential in building a resilient MSMEs ecosystem by providing business training, access to markets, networks and mentors, financial and social capital, and in-kind support.

This chapter will explore examples of available intermediary support in South and Southeast Asia and the Green Recovery Intermediary Lab results which explored the support provided and future support needs from intermediaries. Examples of available intermediary financial and/or non-financial support for green and socially-inclusive MSMEs in South and Southeast Asia are provided in Figure 8.

## 4.1 South & Southeast Asia: Intermediary Support Provided and Needed

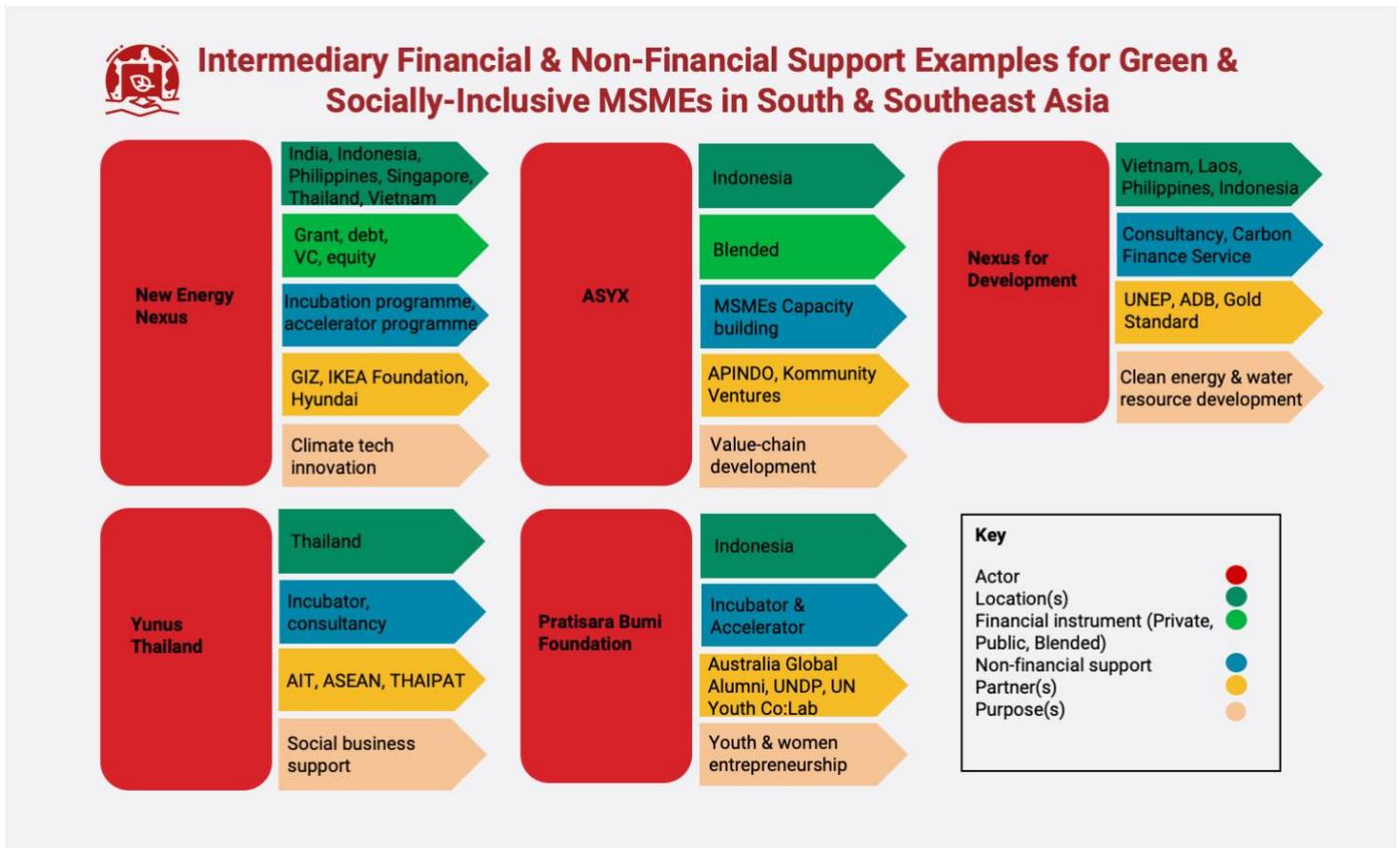


Figure 8. Examples of available intermediary financial and/or non-financial support for green and socially-inclusive MSMEs in South and Southeast Asia

The intermediary support for MSMEs that is provided in this section is a result of the Green Recovery Intermediary Lab which was designed based on the enterprise green recovery readiness results from the Green Recovery Enterprise Clinic. The lab provided an opportunity for intermediaries to co-create practical policy recommendations to support the uptake of these intermediary contributions in increasing enterprise green recovery readiness and COVID-19 resilience.

The Green Recovery Intermediary Lab gathered 30 participants that are incubators, academics, business development supporters, researchers, and development agencies operating across eight countries namely Thailand, Indonesia, India, Philippines, Malaysia, Vietnam, Cambodia, and Bangladesh. The intermediary support insights generated by the lab provide an overview of existing support provided and future support needs from intermediaries that the MSMEs need. The supports offered by the intermediaries for MSMEs have been classified into four dimensions: 1) financing and deal facilitation; 2) capacity building and insights; 3) network and market building; and 4) space and platforms.

- 1. Capacity building and insights:** Intermediaries work directly with MSMEs through incubation and acceleration programmes to provide business development support. Knowledge products are also published and distributed for MSMEs to learn about other ecosystem support, financing opportunities, and networking opportunities for them to grow. These capacity-building opportunities include a variety of topics including sustainable supply chain design and planning; carbon economics; impact

management skills, tools, and assessment; and capacity training development in areas such as pitching, financial analysis, and pilot product and services refinement. The capacity building and insight sharing aspects are not only limited to working with MSMEs, but more importantly, intermediaries work with financiers and government actors to increase financial products for MSMEs and amplify the MSMEs concerns in policy-making processes.

2. **Financing and deal facilitation:** Intermediaries can provide financial support through direct work with MSMEs to help their financing application process, increase MSMEs financial literacy and connect them with global funders and climate finance opportunities. Intermediaries also co-design financial instruments, such as collateralised debt, guarantee schemes, blended grants, and equity with local banks, international donors, and climate funds that increase the chance of financing for MSMEs to get beyond 500,000 USD funding opportunities.
3. **Space and platforms:** Intermediaries' support in space and platform creation such as financial supply chain management platform; order-to-cash automation platform; fintech platforms; MSMEs online marketplace platform; and web-based tools to support tracking, will be beneficial to showcase MSMEs products and services and create efficient systems for MSMEs to execute their business.
4. **Network and market building:** The collaboration aspect for an MSME is crucial to be able to scale and increase their impact despite limited internal resources. Intermediaries can assist to network MSMEs with the right partners locally and globally to remove barriers for MSMEs to scale. Intermediaries can also help to create web-based tools to support market aggregation such as a fintech product. Other intermediaries' support can be in the form of MSMEs in testing, piloting, and scaling their technology in multiple markets as a way to build connections to new markets for MSMEs.

We categorised the results of the Green Recovery Intermediary Lab into four groups: regional, Thailand, Indonesia, and India. The results from this lab came from the organisations that have a good reputation and portfolio in assisting MSMEs in the region. These organisations were [Nexus for Development](#) in Vietnam, Laos, Philippines, and Indonesia; [Yayasan UniKL](#) in Malaysia; [Association of Development Financing Institutions in Asia and the Pacific \(ADFIAP\)](#) in Philippines; [Rikolto International](#) in Indonesia and Vietnam; and [Animo Labs](#) in the Philippines. Such diverse intermediary organisations participating in this lab shows that there are various capacity building and insight sharing effort to be made especially in the area of creating a common understanding about the amount and type of financing MSMEs among banks, international donors, and governments. In terms of financing and deal facilitation, MSMEs require more support in accessing financing instruments: collateralised debt financing (i.e., 50,000 USD) and grant financing to de-risk early-stage MSMEs growth. In terms of space and platform support that are needed, there are suggestions for creating an online platform where intermediaries can aggregate and showcase different business support solutions. Lastly, with networking, there is a suggestion to increase connection among intermediaries regionally and connecting MSMEs to the right corporate actor as a way to increase markets for MSMEs (Refer to Figure 9. Regional: Intermediary Support Provided and Table 2. Regional: Intermediary Support Needed).

## Regional\*: Intermediary Support Provided

<p><b>Financing &amp; Deal Facilitation</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Nexus for Development</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Nexus for Development</a></li> <li>• <a href="#">Yayasan UniKL</a></li> <li>• <a href="#">Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)</a></li> <li>• <a href="#">Rikolto International</a></li> </ul>	<p><b>Capacity Building &amp; Insights</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Rikolto International</a></li> <li>• <a href="#">Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)</a></li> <li>• <a href="#">Nexus for Development</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Animo Labs</a></li> <li>• <a href="#">Yayasan UniKL</a></li> </ul>
<p><b>Space &amp; Platforms</b></p> <p><b>National:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Animo Labs</a></li> <li>• <a href="#">Yayasan UniKL</a></li> </ul>	<p><b>Network &amp; Market Building</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Nexus for Development</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Rikolto International</a></li> <li>• <a href="#">Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)</a></li> </ul>

**Legend: Intermediary Type**

- Development incubators
- Technology Incubator
- Financing Support
- Business development provider

\*Intermediaries from Philippines, Malaysia, Vietnam, Cambodia who participated in one group called "Other South & Southeast Asian Countries" group.

Figure 9. Regional: Intermediary Support Provided

	What else is needed? In terms of support options by intermediaries for MSMEs
Capacity Building & Insights	<ul style="list-style-type: none"> <li>• MSMEs should better demonstrate the economic &amp; environmental impact of new green solutions to increase their marketability</li> <li>• Change MSMEs mindset to translate business into impact KPIs to encourage SDGs achievement</li> <li>• MSMEs 100-500k USD bridge loans to cover operational costs before results (result based finance) to increase financial access</li> <li>• Monetising the MSMEs impact to incentivize MSMEs impact measurement</li> <li>• Train banks to better understand the climate products of MSMEs to increase MSMEs chances of getting finance</li> <li>• Have SDGs related capacity building materials to bring to light how MSMEs contribute to Green Recovery</li> <li>• Dedicated financial literacy programmes for women entrepreneurs as a gender equality action point</li> <li>• Environmental, Social, and Governance reporting should be included as a criteria in financial reporting</li> </ul>
Financing & Deal Facilitation	<ul style="list-style-type: none"> <li>• Collateralised debt financing (below 50k USD) so that MSMEs have an easier way to access finance</li> <li>• Grant financing is used in the early stages as de-risking and guarantee solutions for MSMEs</li> <li>• Use blended financing solutions to fill in the financing for growing MSMEs</li> <li>• Develop climate finance products for the MSME market to encourage climate change action from MSMEs</li> <li>• Have alternatives to collateral for MSMEs such as business transaction receipts to increase MSME finance access</li> <li>• Environmental, Social, and Governance proposals writing training for MSMEs</li> <li>• Streamline due-diligence process to provide MSME finance in a timely manner</li> </ul>
Space & Platforms	<ul style="list-style-type: none"> <li>• Platforms for ecosystem building between different intermediaries to facilitate access to different business support solutions</li> <li>• Making digital platforms financially sustainable for MSMEs</li> </ul>
Network & Market Building	<ul style="list-style-type: none"> <li>• Intermediaries should use existing synergies across countries to scale-up MSMEs impact as partnership facilitation and awareness raising activities at regional level are needed</li> <li>• MSMEs should connect with corporate actors as business partners to increase their market resilience</li> </ul>

Table 2. Regional: Intermediary Support Needed

## 4.2 Thailand: Intermediary Support Provided and Needed

In the Thai intermediary support group, there were business development providers, development partners, and public organizations, namely the [National Innovation Agency \(NIA\)](#), [Thailand Board of Investment \(BOI\)](#), [Private Financing Advisory Network \(PFAN\)](#), [Water and Energy for Food \(WE4F\)](#), [New Energy Nexus](#), [UNDP Climate Promise Initiative](#), [Permaculture Institute](#), [Asian Venture Philanthropy Network](#), [Aspen Network of Development Entrepreneurs \(ANDE\)](#). These organisations discussed the intermediary support provided and further support needed (Figure 10. Thailand: Intermediary Support Provided). The intermediary organisations that participated mostly operate at the national level with a focus on MSMEs in Thailand.

Further support options that are needed by MSMEs from the intermediaries in Thailand include creating more ease for MSMEs to get formalised and avoid repetitive training through different government bodies in terms of capacity building and platform creation. Similar to other Southeast Asian countries, Thailand's MSMEs are looking for more support and training to understand their business green and social impact monitoring and assessment. With regards to financing and deal facilitation, intermediaries suggest that ecosystem actors, such as governments, intermediaries, and MSMEs themselves require more financial literacy training to understand the appropriate ticket size needed for MSME financing. Furthermore, there is a push for online platforms to showcase MSMEs impact, their financing needs, and a space to connect different stakeholders to scale-up MSMEs' business and impacts (Table 3. Thailand: Intermediary Support Needed).

### Thailand: Intermediary Support Provided *National-level*

Financing & Deal Facilitation	Capacity Building & Insights	<b>Legend: Intermediary Type</b> <ul style="list-style-type: none"> <li>• Business development provider</li> <li>• Development partner</li> <li>• Public Organisation</li> </ul>
<ul style="list-style-type: none"> <li>• <a href="#">National Innovation Agency (NIA)</a></li> <li>• <a href="#">Thailand Board of Investment (BOI)</a></li> <li>• <a href="#">Private Financing Advisory Network (PFAN)</a></li> <li>• <a href="#">Water and Energy for Food (WE4F)</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Water and Energy for Food (WE4F)</a></li> <li>• <a href="#">National Innovation Agency (NIA)</a></li> <li>• <a href="#">New Energy Nexus</a></li> <li>• <a href="#">United Nations Development Programme Climate Promise Initiative</a></li> <li>• <a href="#">Permaculture Institute</a></li> </ul>	
Space & Platforms	Network & Market Building	
<ul style="list-style-type: none"> <li>• <a href="#">Private Financing Advisory Network (PFAN)</a></li> <li>• <a href="#">Asian Venture Philanthropy Network</a></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Aspen Network of Development Entrepreneurs</a></li> <li>• <a href="#">New Energy Nexus</a></li> </ul>	

\*For more information, please click on the name of the intermediaries listed here to access their website.

Figure 10. Thailand: Intermediary Support Provided

	What else is needed? Support options by intermediaries
Capacity Building & Insights	<ul style="list-style-type: none"> <li>• Impact assessment training for MSMEs to increase MSMEs fundability</li> <li>• Government’s green technology assessment for MSMEs needs improvement to understand the different green technology sector nuances</li> <li>• Stream line and simplify MSMEs and social development organisations registration processes to become formal</li> </ul>
Financing & Deal Facilitation	<ul style="list-style-type: none"> <li>• Need more clear platforms to showcase different funding size and sources and fundraising for green and socially inclusive MSMEs to have access to finance</li> <li>• Government needs to have a better understanding in partnership with intermediaries about funding and ticket size for each business to increase MSMEs financing</li> </ul>
Space & Platforms	<ul style="list-style-type: none"> <li>• A platform for enterprises to calculate their social and environmental impact online and offline to increase their impact understanding and marketing</li> <li>• A platform that is tailored towards corporates and government to showcase green and socially inclusive MSMEs</li> <li>• Online business networking events for MSMEs to overcome pandemic challenges</li> <li>• Create a central government platform for MSMEs so that MSMEs do not have to repeat the same courses when accessing support by different government bodies (e.g. courses on entrepreneurship, finance, and human resources)</li> </ul>
Network & Market Building	<ul style="list-style-type: none"> <li>• Match corporate to support MSMEs to increase scale-up opportunities</li> <li>• Provide a list of contacts interested in greening Thailand through entrepreneurship through a public organisation</li> <li>• Need more connections between NGOs, intermediaries, and corporates in the stock market to increase financing for MSMEs</li> <li>• Need more MSME support policy discussion for intermediaries during COVID-19 the discussion was paused</li> </ul>

Table 3. Thailand: Intermediary Support Needed

### 4.3 Indonesia: Intermediary Support Provided and Needed

For the Indonesian intermediary support group, impact incubators, technology incubators, business development providers, and development partners participated in the discussion. These organisations include [Wiranesia Foundation](#), [Findolaine Business Hub Ltd.](#), [Inotek](#), [Instellar](#), [Bina Swadaya Foundation](#), [Regional Economic Development Foundation \(REDEF\)](#), [Greenwave NGO](#), [Tropenbos Indonesia Foundation](#). The discussions highlighted that technological support is a common factor that needed to digitize MSMEs operations, to create fintech to increase financial access, to increase networking, and to create new market places. Indonesia differs to other Southeast Asian countries in that they prioritise connecting rural and grassroots MSMEs support. This can be seen from their focus on connecting these MSMEs in rural areas to micro-financing loans. Similar to other Southeast Asian countries, however, intermediaries expressed the need to have capacity building in impact measurement and sharing information about new market access through exporting their products and services.

## Indonesia: Intermediary Support Provided

<p><b>Financing &amp; Deal Facilitation</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li><a href="#">Wiranesia Foundation</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li><a href="#">Findolainen Business Hub Ltd</a></li> <li><a href="#">Inotek</a></li> <li><a href="#">Instellar</a></li> </ul>	<p><b>Capacity Building &amp; Insights</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li><a href="#">Wiranesia Foundation</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li><a href="#">Findolainen Business Hub Ltd</a></li> <li><a href="#">Inotek</a></li> <li><a href="#">Bina Swadaya Foundation</a></li> <li><a href="#">Regional Economic Development Foundation (REDEF)</a></li> <li><a href="#">Greenwave NGO</a></li> </ul>	<p><b>Sub-national:</b></p> <ul style="list-style-type: none"> <li><a href="#">Tropenbos Indonesia Foundation</a></li> </ul>
<p><b>Space &amp; Platforms</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li><a href="#">Findolainen Business Hub Ltd</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li><a href="#">Inotek</a></li> <li><a href="#">Instellar</a></li> </ul>	<p><b>Network &amp; Market Building</b></p> <p><b>Regional:</b></p> <ul style="list-style-type: none"> <li><a href="#">Findolainen Business Hub Ltd</a></li> <li><a href="#">Wiranesia Foundation</a></li> </ul> <p><b>National:</b></p> <ul style="list-style-type: none"> <li><a href="#">Inotek</a></li> <li><a href="#">Instellar</a></li> <li><a href="#">Findolainen Business Hub Ltd</a></li> </ul>	<p><b>Sub-national:</b></p> <ul style="list-style-type: none"> <li><a href="#">Regional Economic Development Foundation (REDEF)</a></li> <li><a href="#">Findolainen Business Hub Ltd</a></li> </ul>

**Legend: Intermediary Type**

- Impact Incubator
- Technology Incubator
- Business development provider
- Development partner

\*For more information, please click on the name of the intermediaries listed here to access their website.

Figure 11. Indonesia: Intermediary Support Provided

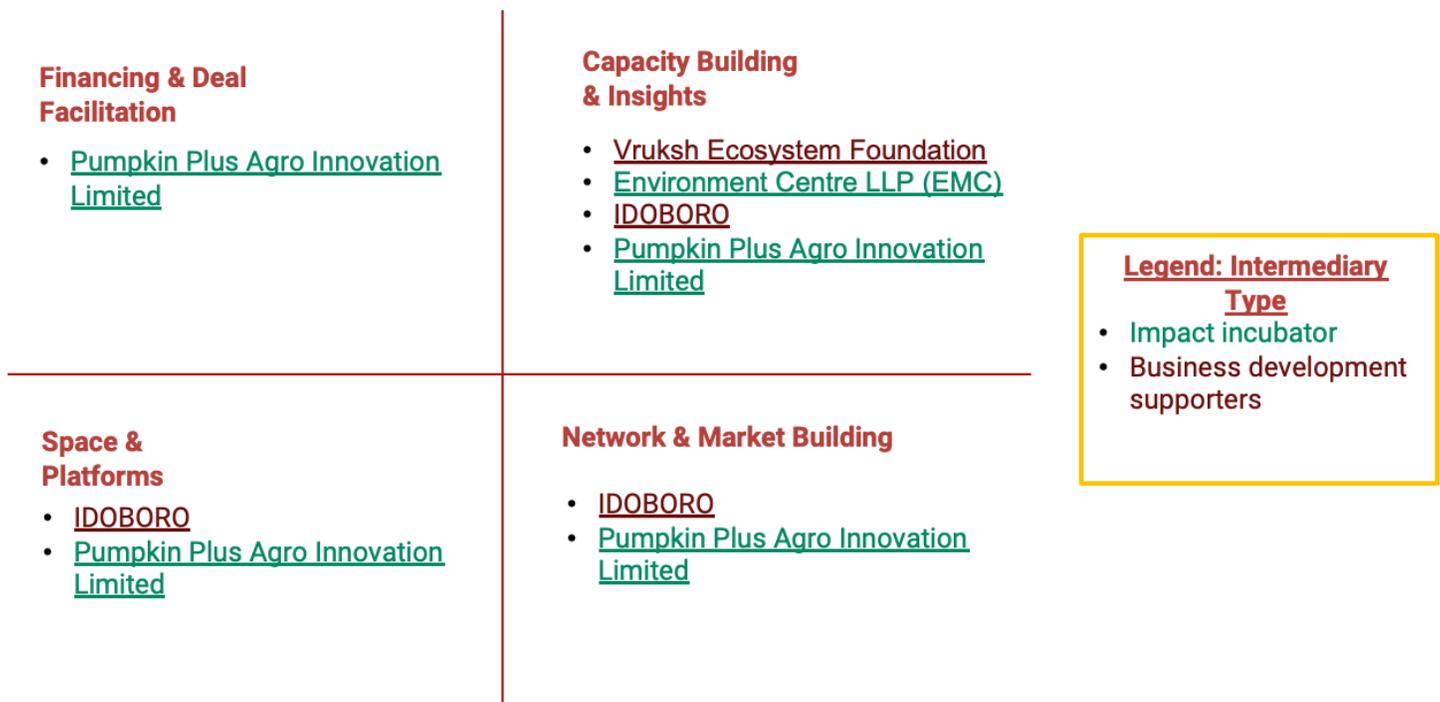
	What else is needed? Support options by intermediaries
Capacity Building & Insights	<ul style="list-style-type: none"> <li>Technology access support to digitize MSMEs</li> <li>New green business model development support</li> <li>Impact measurement (Monitoring, Evaluation, and Learning framework)</li> <li>Financial readiness, business, and organisational training for grassroots-level and early-stage MSMEs to be used easily</li> </ul>
Financing & Deal Facilitation	<ul style="list-style-type: none"> <li>More financial literacy training in areas such as developing a convincing pitch and better financing proposal</li> <li>More investors for green and socially inclusive MSMEs</li> <li>Government micro-financing schemes (i.e. loans)</li> <li>Focus group discussion between financial institutions and MSMEs owners to discuss financial schemes that fit with MSMEs during and post pandemic on a regional level</li> <li>Rural MSMEs connection with donors and investors to increase financing for MSMEs in rural areas</li> <li>Leverage fintech and government banks to qualify MSMEs to access finance from financial institutions</li> </ul>
Space & Platforms	<ul style="list-style-type: none"> <li>Community forum for green and socially inclusive MSMEs multi-stakeholders</li> <li>National marketplace for MSMEs to increase their market access</li> <li>Platform to connect stakeholders to create grassroots projects</li> <li>Platform to sell products internationally as many people cannot access Alibaba, Ebay, and Amazon</li> </ul>
Network & Market Building	<ul style="list-style-type: none"> <li>Need information on international standards for export businesses to increase market access for MSMEs</li> <li>More green and social MSMEs support from government to increase environmental impact</li> </ul>

Table 4. Indonesia: Intermediary Support Needed

#### 4.4 India: Intermediary Support Provided and Needed

The Indian intermediary support group includes impact incubator and business development supporters which are [Pumpkin Plus Agro Innovation Limited](#), [Vruksh Ecosystem Foundation](#), [Environment Centre LLP \(EMC\)](#), and [IDOBORO](#). Further support options that are needed for the MSMEs in India include capacity building and insights sharing for MSMEs, policymakers, and financiers to understand the support needed for MSMEs, provide better financial training, and share best practices in terms of business innovation and create an economically viable green and social products and services. In terms of financing and deal facilitation, India shares similar recommendations with Thailand and Indonesia as they would like financial institutions, government, and public institutions to understand financing for green and social MSMEs and implement a blended financing scheme to increase financing for these MSMEs. India is looking for further support in having more incubation centres to exchange knowledge on MSMEs support. In terms of network and market building, intermediaries expressed the need for increasing markets through collaboration with corporates and MSMEs along the value chain and eliminating the middlemen in improving direct market access without high dependence on the middlemen.

### India: Intermediary Support Provided *National-level*



\*For more information, please click on the name of the intermediaries listed here to access their website.

Figure 12. India: Intermediary Support Provided

	What else is needed? Support options by intermediaries
Capacity Building & Insights	<ul style="list-style-type: none"> <li>• Capacity building for policy makers and financial institutions to understand MSMEs and their needs</li> <li>• Have participants in capacity building workshops with business owners not only with CEOs and Directors so that MSMEs can learn about practical support directly</li> <li>• Mobilise and digitize rural area institutions to provide better capacity building workshops</li> <li>• Have more financial training and better monitoring and evaluation training</li> <li>• Have case studies on economically viable green business models to share insights</li> <li>• Talk series to discuss innovative MSMEs capacity building</li> </ul>
Financing & Deal Facilitation	<ul style="list-style-type: none"> <li>• Increase financial institution's knowledge of green business models and socially inclusive businesses</li> <li>• Provide innovative mechanisms as best examples for green financiers</li> <li>• Design policies that target government and public bodies to provide finance for green and socially inclusive MSMEs</li> <li>• Implement systematic framework for the green financing schemes so as to increase financing for green MSMEs</li> </ul>
Space & Platforms	<ul style="list-style-type: none"> <li>• Need more incubation centres, multi-stake holder platforms, and space for grassroot and green entrepreneurs to exchange knowledge on MSMEs support</li> <li>• Events should provide more than only panel discussions but also stakeholder engagements, opportunities to network and form collaborations and/or partnerships</li> </ul>
Network & Market Building	<ul style="list-style-type: none"> <li>• Need more network building programmes between policy makers and financial institutions to create support for MSMEs</li> <li>• Incorporate corporations as customers or beneficiaries of green and/or socially inclusive products and/or services</li> <li>• Elimination of middle man and agents in market access for green and socially inclusive MSMEs to increase MSMEs access to markets</li> <li>• Centre of excellence on green entrepreneurship to showcase products and services so as to increase sales</li> </ul>

Table 5. India: Intermediary Support Needed

## 5. Future Pathways: Policy Support for MSMEs in the Green Recovery

The policy recommendation results from [The Green Recovery Forum: Leveraging the contributions of MSMEs to achieve the Sustainable Development Goals](#) are gathered to create mutual recognition for sustainable goals in economic recovery, boosting back income, and growth on a fair and environmentally-friendly path. The policy recommendations are categorised into business readiness support, financial readiness support, organisational readiness support, market readiness support, ecosystem readiness support, social inclusivity readiness support, and gender equality readiness support. The suggested typology of actors implementing these policy recommendations are: 1) national public government ministries and agencies; 2) national public bank and microfinance institution (MFI); 3) commercial bank; 4) private MFI; 5) MSMEs intermediary; 6) angel and impact investor; 7) development finance institutions (DFI) and multilateral development funds (MDF); and 8) regional and multilateral bank (Figure 13. Policy Recommendations catalysing Green Recovery Contributions).

## Policy Recommendations catalysing Green Recovery Contributions

### Business Readiness Support Recommendations:

- ➤ Encourage local supply chain building through common standards or industry platforms that link local demand and supply
- ➤ Supporting certification and product quality standards also at local supply chain level as many MSMEs operate at a local level
- ➤ Make business support more accessible in rural areas to increase economic impact

### Financial Readiness Support Recommendations:

- ➤ Direct financial aid through government schemes (i.e. grants, subsidies) to cover salaries or other running costs
- ➤ Provide public guarantees and grants for quick and low-interest loans to de-risk commercial finance providers
- ➤ Crisis insurance for MSMEs and their employees against (pandemic or other climate) shocks
- ➤ Early warning systems that recognise weather, drought, or market crises to anticipate future shocks
- ➤ Leverage on the role of fintech in providing online insurance for MSMEs
- ➤ Encourage carbon financing projects and green market schemes for MSMEs
- ➤ Diversify financial instruments that are inclusive of MSMEs

### Organisational Readiness Support Recommendations:

- ➤ Mainstreaming digital solutions in government schemes and programmes has shown to be critical and requires further implementation
- ➤ Extend support on digital e-commerce platforms and how to digitalise enterprise services
- ➤ Create big data for MSMEs to have a platform to showcase their business models and impact

### Market Readiness Support Recommendations:

- ➤ Simplified registration and formalisation for green and social MSMEs will enable both economic resilience and the achievement of relevant societal (including health-related) objectives
- ➤ Public programmes should favour MSMEs in the procurement of services and delivery of programmes to increase MSMEs role in economic growth
- ➤ Trends and market information for green and socially inclusive MSMEs to increase their market readiness

### Ecosystem Readiness Support Recommendations:

- ➤ Government should reduce critical ICT infrastructure cost for local suppliers
- ➤ Learning networks, platforms and peer-support structures within certain industries
- ➤ Training of trainer programmes for rural areas on strengthening capacities on rural marketing skills

### Social Inclusivity Readiness Support Recommendations:

- ➤ Rewards enterprises that address unemployment among less educated and often marginalised populations
- ➤ Acknowledge the positive contribution of green and social enterprise into government SDG and NDC reporting
- ➤ Minimize barriers for MSMEs which are owned, employs, or are tailored towards marginalized communities to participate in green recovery schemes

### Gender Equality Readiness Support Recommendations:

- ➤ Incentivise equal pay and equal representation across enterprises
- ➤ Support women empowerment in male-dominated sectors
- ➤ Prioritize women entrepreneurs in capacity building to equip them for green recovery MSMEs pathways
- ➤ Minimising the negative impact of COVID-19 on women entrepreneurs to assist in achieving gender equality goals

#### Key: Typology of actors implementing

1) National public ministries & agencies	●	4) Private MFI	●	7) DFI & MDF	●
2) National public bank & MFI	●	5) MSMEs intermediary	●	8) Regional & multilateral bank	●
3) Commercial bank	●	6) Angel and impact investor	●		

Figure 13. Policy Recommendations catalysing Green Recovery Contributions

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