



## Asian Cleantech MSME Financing Network (ACMFN)

DCI-ASIE/2015/369/133

# PUPUK NARATIF REPORT

*Implementation Period: year 1*

*February 1<sup>st</sup>, 2016-December 31<sup>st</sup>, 2016*



**P·U·P·U·K**  
perkumpulan untuk peningkatan usaha kecil  
the association for advancement of small business



绿色创业汇  
GREEN STARTUPS



**PUPUK NARATIF REPORT**  
**Implementation period year 1 : February – December 2016**

**A. PREFACE**

Perkumpulan Untuk Peningkatan Usaha Kecil (PUPUK) as a non-profit organization has more than 25 years of development in Small and Medium Enterprises Indonesia, particularly on sustainable development. PUPUK has been designated as the National Focal Point (NFP's) in Indonesia for carrying out the Asia Cleantech MSME's Financing Network (ACMFN) which lasted for four years (2016-2019) in three (3) countries (Indonesia, China, and India) and a part of the SWITCH-Asia program co-funded by the European Union. This project is a form of cooperation led by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) of the Philippines in cooperation with the Confederation of Indian Industry (CII) from India, PUPUK in Indonesia, CEESTA & Green Start Ups of China from China. The project is supported by the European partner of the Adelphi from Germany.

MSME's as a major economic driver in the world have great opportunity to benefit from this project. ACMFN will fund the development of the capacity for about 400 MSME's so that they will have a better chance in financing their projects. Workshop, consulting services and assistance, among other activities, are to be carried out, including a national forum for the match-making process between MSME's and financial institutions as well as training manuals and toolkits. About 200 MSME's are expected to have improved processes or innovations during the duration of the project.

**MSME CLEANTECH FINANCING in INDONESIA CONTEXT:**

We still have not found a financial scheme available for switch to cleantech for MSME so far. Bank, financial institutions & micro financial (institutions) have growing for more open access and serve to MSME's. Financing clean technology either with a credit as well as other financing is usually in the form of subsidies or incentives through the programs or projects with a grant scheme from government, NGO's, or other international sources. On demand side, cleantech financing not be strong identified yet by MSME themself.

In terms of supply of cleantech product and technology, We have found many of CT providers (include MSME), but we realized that the cleantech product still not widely available, less of compete and not well proven to be applied directly by MSME. A good network linkage and matchmaking in between CT and CP (MSMEs) is shall be developed. We should be creating good ecosystem and business climates in order to strengthen CT Provider. CT Provider should conduct of process R & D is continuously up to the testing and commercialization in the technology market for MSMEs.

Government of Indonesia through various ministries and agencies actually have commitment for supporting and encourage cleantech to promote sustainable development such as; the development of renewable energy, integrated waste management, water management and green financing as well as more environmentally friendly. However, this has not become a major priority.

On the Policy side, green financing has be a long discourse for its implementation. This is a major challenge for ACMFN with its network to be able to push promotions to a wider sphere in particular driving the demand and consumption of environmentally friendly products. Implementation of sustainable production and consumption should be viewed as a benefit for all actors.

#### **PUPUK context:**

PUPUK in the last decade has made a lot of efforts to support sustainable development in Indonesia. This activity is carried out with the support and good collaboration with various stakeholders, i.e. Government, Private, Corporate Social Responsibility (CSR) where some of projects also includes the European Union through the Switch-Asia. Through the Switch-Asia PUPUK has been doing some projects, one of them is SCOPE Indonesia, a project for the sustainable consumption and production of Tofu-tempeh development done in 2014, and currently doing PROSPECT Indonesia project that supports the development of sustainable rattan from upstream to downstream in Indonesia and starting the ACMFN project that focusing on the development of sustainable financing network in Asia. In other words, PUPUK has strong commitment in sustainable development.

ACMFN Project in Indonesia shall be building the network as an ecosystem that is conducive to develop a green economy where sustainable financing become part of it. Ecosystem development for sustainable development must be done completely and sufficiently to achieve the expected results. Therefore, the collaboration and synergy among stakeholders including the potential partner for inclusive collaboration should be widely open.

PUPUK as NFP Indonesia have implemented the project in the first year with the focus on agribusiness and food processing sector. This sector has chosen for entry point, which is considered the most relevant to the strong standard implementation in Indonesia related for the cleantech implementation issue. We would like to expect food safety standards regulation guide us for the implementation cleantech in MSME. It is easier from PUPUK experience than we started from another sector. But We understand that still not easy to make the MSME switch to use cleantech happened.

## **B. Project Implementation:**

Project implementation is referred to the project proposals and targets that have been agreed in the planning workshop with the PMO and partner at the beginning of the project period. The implementation can be described as follows:

### **WP A : Establishment of the ACMFN and set-up of national focal points**

Project Preparation (March 2016)

1. Internal coordination, planning and preparation
  - a. ACMFN Project Brief Preliminary coordination and consolidation in Jakarta at early march 2016. The meeting result during project launching in New Delhi, India has been informed to other team member and financial consultant /advisor. (3 Participants)
  - b. Coordination and report to PUPUK supervisory board  
To discuss ACMFN project position and PUPUK roles and responsibility as partner. This discussion has been used as the basis of approval from PUPUK supervisory board to sign the contract on march 2016. (5 Participants)
  - c. Regular coordination with PUPUK supervisory board conducted every months.
2. Identifying counterpart/ key stakeholders for NFP's (March – Dec 2016)
  - a. Mini workshop on ACMFN project brief and work planning for 2016 through "ACMFN Launching" event in Indonesia held in PUPUK Office Bandung. In this workshop we planned 2 alternatives regarding Project launching for event venue, 1<sup>st</sup> alternative was at OJK office in Jakarta, 2<sup>nd</sup> alternative was at Bandung. Other activity was identifying counterpart/ key stakeholders for NFP's.
  - b. Courtesy call to governmental institutions in West Java Province (West Java Province)  
Institutions: Small and Medium Enterprise Office (Dinas KUKM), Bappeda, Tim Percepatan Keuangan Daerah (TPKAD), Sekretariat Daerah Provinsi Jawa Barat and other government potential partners.
  - c. Courtesy visit for potential key NFP's member & potential partner.
    - Courtesy visit PUPUK to OJK in OJK Office Jakarta (6 Participants) with Mr.Roberto Akyuwen & Mr. Alvin (Kopartemen Pembiayaan dan Lembaga Keuangan Non-Bank OJK). Result of this meeting: Collaboration initiative in official launching (ACMFN, PAKEMI and others. It will be followed up through commitment/MOU drafting, courtesy call, and launching. (Others communication with Mr. Edi Setijawan (Director of OJK, in other compartment)

is established also to inform project brief and opportunity to be support by OJK.)

- Courtesy visit to PBMT (BMT Association) especially with PBMT Social Ventures 11 November 2016. PBMT as association of sharia have 484 BMT are members and working areas mostly in parts of Sumatra and Java (mostly in Central Java, Yogyakarta and East Java). Mr. Jamil Abbas as representatives said that PUPUK - ACFMN, should not only advocate for the FSA (OJK) or BI in encouraging the growth of green financing in Indonesia (certainly take a long time). PBMT has a potential network (include PBMT Singapore office, and PBMT international partners such as international institution such as the Islamic Development Bank (IDB)). PBMT proposed with the framework of ACFMN which not only involves advocacy and training but also accessing funds from various financial institutions to MSMEs as part of green financing, but initiations are to be communicated to ADFIAP who have ACFMN brand.
- Discussion with Mr Alexander Ludi on Dec 2016 (European Partner/Rattan Designer & Consultant Italia). From Discussions with Mr. Alexander Ludi, he have attend the seminar green financing in Switzerland, where I also said if there was the possibility of cooperation with other international agencies to enlarge ACFMN Indonesia which has been run by PUPUK.

d. ACMFN Indonesia - Official Launching

The previous plan was to conduct official launching on 27 April 2016 as has been proposed by OJK. PUPUK team & PAKEMI prepared the event, but unfortunately it was cancelled to a later date. PUPUK proposed a courtesy call to the Head of OJK, however until June 2016 it cannot be realized.

PUPUK then took initiative to conduct ACMFN official launching in Bandung on 13 June 2016. The launching of ACMFN project at Hotel Aryaduta was held as a collaboration of PUPUK with following representatives of stakeholders; Provincial KUKM Agency of West Java, OJK Regional Office II Bandung, BPPT, Chamber of Commerce of West Java Province, the Provincial Secretariat of the Government of West Java Province, and Bank BJB. The angklung opera marked the official start of the project.

In this event during discussion session, several stakeholders expressed their willingness for collaboration and networking. The event was attended by the representatives of various institutions and strategic partners, such as the Office of the OJK Region II Bandung, Bank Indonesia Regional Bandung Office, Financial institutions (Bank BJB, Bank BRI, PT PNM, Micro Finance and Cooperatives),

international organizations, National NGO's, Business Development Service, the Press, the Chamber of Commerce and the Association of MSME's .

- e. Cleantech MSME's, Design & printing Manual & Toolkit  
PUPUK prepare and printing leaflet, brochure and material to promote ACMFN.
- f. Capacity Building/ TOT for staff/ advisor/ expert  
Capacity Building workshop was held at Luxton Hotel Bandung on 29 August – 1 September 2016 with 18 participants from CT provider, government, Micro-Bank, Cooperative, BJB Bank, chamber of Commerce, and several National NGO's (for green & financial development). This TOT is facilitated by Adelphi, Ms. Magdalena and co-facilitator by PUPUK. Mr. Vic Abainza from ADFIAP is acting as observer.  
(please see documentation on annex 4)

#### **WP-B: Capacity building for potential and existing Cleantech MSMEs**

WP-B.1: Promote Cleantech innovation and ACMFN among stakeholders  
And SWITCH Network Facility

1. Identifying / Baseline/ Mapping for Existing/ potential CP & CT MSME's (May 2016 – still on going)  
PUPUK is identifying continuously for other potential partner/institution from other project, other SMEs as Clean Technology user, other enterprises as Clean Tech producer, and other financial institutions as potential partner. In this period PUPUK focused as entry point on agribusiness and food processing sector with CT provider related to this sector.  
(please see the baseline list CT/CP on attachment 4)
2. Workshop for 45 MSME's Clean Producer  
PUPUK held 1 time workshop with CP (MSME Clean Producer) in EDUPLEX Dago Bandung on 21 December 2016. This workshop is promoting cleantech and (green) financing to MSME's.

In this workshop conveyed about ACMFN project and developing of network with actors MSME (CP), CT provider and Financial institutions (as observer). After exposure ACMFN followed by sharing session from Mr. Lucky LS from Rumah Kayu Permaculture related to his agribusiness enterprises that are environmentally friendly. This workshop followed by discussions.

The results of this workshop are as follows:

- a. Participants recognize about ACMFN project activities and anything that can be collaborate/ supported by PUPUK as NFP in Indonesia.
- b. MSME more pay attention to environmental friendly businesses, the participants are ready to work together based on their respective businesses / communities.
- c. Network that established should be endeavor to strengthening awareness in consumer level associated with the use of clean production/ cleantech/environmentally friendly products.

(please see List of attendance on attachment 5

### 3. Workshop CT (for 25 CT MSME's)

PUPUK held 1 time workshop for 25 participants from Cleantech Provider at Eduplex Dago on 21 December 2016. In this workshop delivered sharing session from Mr Handoko, CEO of CV Wahana Putra Ideas as Cleantech Provider, also sharing from Mr. Dandy Permana as manufacturers and consultants for organic fertilizer products and biogas. Following by discussion of Provider Cleantech regarding how to provide and need for Research and development, commercialization, supply to MSME and possibility for financing. This workshop followed by discussions

The results of this workshop are:

- a. Participant recognize about ACMFN Project and PUPUK as NFP Indonesia.
- b. Cleantech agribusiness provider is ready to provide a stove, Simple machines or tools to the needs of MSMEs agribusiness and food processing as well as waste management for fertilizer and craft purposes. It will be follow up by contact/communication directly between Cleanteh Provider-User for tailormade products.
- c. Cleantech products available remains to be refined according to MSME needs.
- d. Lack of commercialization of products, lack capacity of Research & Development need support.
- e. Meet Indonesia National standards (SNI) for the products is better to achieved.

(please see List of attendance on attachment 6)

### 4. Workshop Raising Awareness on CP – CT Financing Scheme for Financial Institutions. (25 participants)

The Workshop have held on 26 December 2016 at Eduplex Dago on 26 December 2016. Ms Olla from the BJB bank share about their program related to MSME. Bank BJB provide several scheme to credit/loan such as Kredit Cinta Rakyat (KCR), Kredit Usaha Rakyat (KUR) and Kredit Usaha Rakyat for Food Security (Food Security program) as an assignment from the Government, but it also Microcredit and sharia credit with a maximum lending up to 500 million for SMEs. In addition to credit BJB also provide serial training and mentoring for developing new entrepreneur through PESAT program.

Although there is no available special scheme associated with financing cleantech or environmentally friendly credit, if feasible it can be support by Bank. Also present at the workshop from Bank BRI regional West Java. This workshop followed by discussions.

Result from this workshop:

- a. There are opportunities for cooperation with the Bank BJB, to be followed later by courtesy visits to the Bank BJB for MSME representatives with PUPUK
- b. Discourse about Kredit Cinta Lingkungan as scheme for environmental friendly or cleantech financing for MSME
- c. PUPUK can be a bridge between financial institutions, CP and CT provider for the development of environmentally friendly application for MSME financing.

(please see List of attendance on attachment 7)

WP-B.2: Cleantech capacity building for 400 MSMEs (Tier I – Technology/Innovation)  
This activities not yet conducted by PUPUK

WP- B.3 : Financing Advisory services for cleantech MSMEs (Tier 2 – Financing)  
This activity not conducted in this period.

WP – B4: National Macthmaking for a between MSMEs and Financial Institutions.  
This activity not conducted in this period.

### **WP – C: Capacity Building for Financial institutions on the cleactech MSME sector**

This activity not conducted in this period.

WP-C1: Promotional Road Shows among financial institutions on cleantech financing market

WP-C2: Technical Assistance trainings on cleantech for financial institutions.

WP- C3: Guidance on development and implementation of cleantech financing products

### **WP-D: Regional Marketplace conferences**

PUPUK act as supported role, but on this activity not conducted in this period.

WP- D1: Regional Marketplace conferences with co-invesment and risk-sharing opportunities

WP- D2: Regional closure and outlook conference with involvement of policy makers.

### **WP- E : Visibility and Outreach**

WP- E1: Visibility and Outreach Campaign

Not yet available supporting role, so far from PUPUK.

WP-E2: Showcasing of success stories and elaboration of prestigious promotional materials

Not yet available

WP-E3: ACMFN Online Community/Newsletter



For the information; PUPUK as NFP Indonesia are initiating to keep in touch with TOT participant and CT / CP / FI 's involved in activities related to ACMFN Indonesia with Social Media (What Sapp and Facebook group) to start building a cleantech ecosystem.

### **WP-F: Project management and coordination**

WP-F1: Meetings

2 person from PUPUK already attended meeting of the project steering committee for kick off meeting and workshop for planning in Neemrana, Rajashtan India in the February 2016.

WP-F2 : Reporting

PUPUK already submitted financial report for semester 1<sup>st</sup> and semester 2<sup>nd</sup> to ADFIAP and project update as requested.

WP-F3: Cooperation with the SWITCH Asia Network Facility

For the information: PUPUK with supported by another project Switch Asia “ PROSPECT INDONESIA” attended to Switch Asia Network Facility on Ulan Baatar Mongolia.

### **Year 1 Project Results & Challenge**

Result for first year project as follows:

1. The ACMFN project has been launched and recognized in Indonesia, Many related institutions involved and started as network especially for cleantech financing.
2. 16 Trainer that has been equipped with TOT Cleantech Financing, hopefully they can become ambassadors Financing Cleantech in their own institution, respectively.
3. PUPUK started with entry point on agribusiness and food processing sector and has held workshops related to raising awareness for Clean Production, Clean Technology (providers) and also has been involving financial institutions to develop financing cleantech ecosystem.

### **Challenges:**

1. Cleantech financing scheme for MSME not available yet on conventional financial institutions to switch and implementing Clean Technology.
2. Availability of proven cleantech products not yet widely available to MSME needs/demand. Most of them are still in development stage.
2. Implementation of clean technology at MSME level has not been show yet the increase in profitability with cost efficiency and or increasing income. The cleantech

implementation followed the regulation of standard product/ production process or by request. Other initiatives usually came from the user of cleantech MSME awareness.

3. Booster promotion or campaign, incentives and affirmative policy from the government of Indonesia.
4. Clean technology and environmentally friendly products should be preferred by consumers for the better future by continuous campaign is should be done.
5. Lack consultant for cleantech and cleantech financing for MSME.
6. Establishing Business Partnership with MSME, which will encourage MSME apply cleantech and implement clean production.

### C. FINANCIAL ASPECT

Until this period from the first year project, PUPUK has been spend Euro **38,921.62** or **70.78%** from the available budget in the first year. This is a challenge is how to optimize the uptake of the budget in accordance with forecasting the output /outcomes project in Indonesia.

This is due to delays in initial activities undertaken as launching ACMFN Indonesia which was delayed and also the difficulty of finding and collecting Cleantech provider / CP regarding with this project.

### D. PROJECT PERSONELL

ACMFN project structure in Indonesia 2016 implemented by PUPUK can described as follow:

Position	
Executive Director (Project Director)	Early Rahmawati
Sr. Project Manager	Bastian A. Saputra
Project Manager	Kristanto Budi Nugroho
Junior Project Manager/ Finance Officer	Yanita Suryadini (until august 2016 & replaced by)/ Rini Sudaryani
Administration Assistant	Eka Ermawati

### E. CLOSING

This narrative report is a description of the project ACMFN run in Indonesia. It would be like challenging work on this cleantech issue in the area of MSMEs with their characteristic, but for PUPUK it is a challenge that must be started just done. Hopefully this project will be succeeding in the end.

Bandung, Januari 2016  
Perkumpulan Untuk Peningkatan Usaha Kecil  
(PUPUK)

EARLY RAHMAWATI  
PROJECT DIRECTOR/ GENERAL SECRETARY