

Thailand

Thai SMEs Obtain Investment toward Significant Energy Efficiency Measures



GGGI in Thailand: Securing investments in energy efficiency for SMEs

In 2018, Thailand's Provincial Electricity Authority (PEA), a state-owned electricity utility, secured USD 20 million in investments to improve the energy efficiency of the country's small and medium enterprises (SMEs). With a total market size for energy efficiency measures in SMEs estimated at approximately USD 380 million, this initial inflow of investment demonstrates the potential of climate action in Thailand.

Under the program, 220 Thai SMEs were assessed by the Global Green Growth Institute (GGGI) for potential energy efficiency improvement investment. GGGI is delivering the Thailand SME Energy Efficiency program, which aims to support SMEs by reducing production costs through energy efficiency measures and becoming more competitive in both domestic and export markets.

Indeed, Thai SMEs face particular challenges because of their scale of operations. Due to size factors, SMEs are often incapable of getting the finance needed to invest and implement in energy efficiency measures themselves.

"When SMEs look for finance, the banks do not believe there is a business case for a loan because they are too small, they don't have manpower, and don't have the knowledge," said Khan Ram Indra, GGGI's Thailand country representative. *"So, what GGGI does is try to come up with a simplified but innovative business model where these companies do not pay any collateral and yet can have access to finance."*

The Thai government has been very supportive of GGGI's efforts to develop a robust and innovative business model that helps SMEs to access finance. *"GGGI has brought strong technical expertise and business rigor to this cooperation,"* said Mr. Lertchai Kaewwichian, assistant governor, Provincial Electricity Authority. *"GGGI has been extremely supportive to*



GGGI in Thailand: Developing a business model to mobilize energy investments and reduce greenhouse gas

the PEA in designing the optimized energy efficiency program through which the advanced energy efficiency measures have been deployed.”

Although the concept of energy-efficient investment is not entirely new, using it to specifically support SME owners is a unique idea. *“We conducted [an] energy audit of SMEs to highlight inefficient energy practices and to advocate business models that could help them become more competitive and sustainable by reducing utility bills, increasing productivity, and boosting morale and safety of the labor force while decreasing their carbon footprint,”* explained Gulshan Vashistha, an investment specialist with GGGI.

The program also aims to reduce greenhouse gas emissions, which is a key priority for the Thai government. A country considered to be facing some of the greatest climate change risks in the world, Thailand’s economic growth has nevertheless steadily prioritized the energy-intensive industrial sectors in recent decades. Rising energy intensity has consequently increased emissions, particularly in Bangkok, which maintains some of the highest per capita CO₂ emissions levels.

Yet, Thailand is committed to addressing the climate risks and carbon emissions through appropriate adaptation and mitigation measures. Thailand’s INDC prioritizes adaptation efforts and commits to a 20–25% GHG emissions reduction by 2030. To do so, Thailand is focusing on energy which, together with transport, is responsible for more than 70% of its GHG emissions.

To build green and low-carbon cities, Thailand recognized the need for cross-sector actions that integrate green buildings and renewable energy supply, sustainable transport, and efficient water and waste management.

The Thailand SME Energy Efficiency program aims to help achieve these targets through supporting SMEs to grow efficiently and sustainably.

“For Thailand, this is a new approach—the first ever SME program. We already have reached a milestone by attracting an investment of USD 20 million. So, in the future, if all goes well, this could be a game changer for the entire region,” noted Ram Indra in highlighting the success of the program to date and its potential to be replicated in other countries.