



Barrier of Inclusive Finance for Small Scale RE & Community

***Sandra Winarsa
Program Development Manager
Hivos Foundation Indonesia***

Water pumping for irrigation



- Local communities on the frontline of climate change
- The need of user friendly, plug and play small scale solutions to address the challenges
- Imbalance of finance flow, estimated only <10% actually reaches most urgent local needs and support the most vulnerable populations

Opportunity and Barrier to Scale-Up

Opportunity

Supply

- Commitments and funding towards low carbon economy development
- RE focus on PUE ≠ electricity services
- Readily available blended finance facility (P2P, philanthropic)
- Growing incubation programs for innovative start-ups

Demand

- Unserved populations (potential users)
- Drives to economic improvement
- High rates of early adopters

Barrier

- Limited options (affordable) plug and play products ready in the market incl its repair services
- Lack of MFI experience and knowledge on RE
- Limited liquidity of MFI (resource of capital) limits loan products
- Funding focus on large scale

- Need flexible loan/installment
- Collateral req – limiting inclusion
- Limited access to information (innovative PuE with business model)
- Unfavorable policy environment (prioritization)

Enhancing inclusive financing

Barriers to climate finance access		Risk Level	Enablers
1 Low-quality project/business pipelines High funders requirements/standards Lack of support to apply for funds and in meet the funders' requirements Project pipelines tend to be high on social return, low on financial return Lack of incentives mechanism available	High	Capacity Building or TA	Finance as enablers
	High		
	Med-High		
	Med		
2 Regulatory uncertainty or unfavorable policy environment Local policy framework lack the means to support small vulnerable groups Lack of government budget especially for assistance Lack of participatory decision-making process	Low-Med	Fiscal or non-fiscal incentives	
	Med-High		
	Med		
	High		
3 Awareness, biases, and visibility Limited prioritization of vulnerable groups over emission reduction & RoI Limited database and/or platform on marginalized groups and climate finance impacts including assistantships available	Med-High	Policy reform/certainty	
	Med-High		
	Med	Tools and platform	
	Low-Med		

Thank you

 Yayasan Humanis dan Inovasi Sosial

 @hsi_foundation

www.hsi.foundation