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WASME SME UPDATE

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Australia

New research reveals 19% of Australian SMEs are using AI

A recent study by MYOB has revealed that 'only' 19% of Australian SMEs are currently utilising AI in their operations. However, an additional 21% plan to integrate AI into their businesses at some point.

While this may seem low, it's worth noting that this works out to be one in five SMEs, which equates to roughly 500,000 businesses in Australia.

The research — made up of 1,012 SME owners and operators — found that AI adoption in these businesses has been a relatively recent trend. Unsurprisingly, 90% of them only started within the last year. This lines up with the release of OpenAI in November 2022, which kicked off a global surge in generative AI interest and adoption in particular.

Since then, most major players in the international tech space have rushed to get involved — or upped their advertising. So to have that many Australian SMEs already aboard the AI train in such a short period of time is quite significant. According to the respondents, the effect of this technology is notable, with 88% reporting time-saving benefits and 81% observing increased productivity. LinkedIn data also revealed that SMEs were saving "hundreds" of hours in productivity by embracing AI earlier this year.

The survey also revealed that the most popular areas of AI application in SMEs have been social media and marketing post creation (49%), copywriting for marketing materials and press releases (34%), technical document composition (25%), and market and trend analysis (25%).

Emma Fawcett, MYOB's general manager for SMEs, highlights the role of free and accessible generative AI tools, like ChatGPT, in introducing small business owners to AI capabilities. *"The research indicates that SMEs know AI has the potential to help them, and those that have adopted it can see improvements in productivity and timesaving. However, there are still barriers to overcome, including feeling that they don't know enough about AI or have concerns about the costs associated with implementing new systems*," Fawcett said.

And this is certainly a fair concern. While big tech companies are offering free AI tools and services, paid extras are becoming increasingly normalised. On top of that, industry experts are already warning SMEs about AI bill shock as time goes on — similar to what happened with Cloud services. Interestingly, 44% of respondents believe AI will significantly impact their industries in the next five years, underscoring the need for SMEs to familiarise themselves with available AI tools to enhance business efficiency.

The study also sheds light on the potential for AI to reduce overhead tasks, which currently consume more than eight hours weekly for 11% of respondents. If these tasks were automated, 44% of business owners would focus on growth, 31% would opt for rest, and 24% would innovate or develop new products and services.

"I'd encourage all small business owners to look at what's available in their industry, talk to other business owners about how they're using AI, and don't be afraid to take the plunge. It doesn't have to be a significant time or cash investment, but it's worthwhile knowing what's on offer and how it can help," Fawcett said.

We'd also recommend keeping an eye on developments in the regulation space. As we reported in our latest AI column, Neural Notes, Australia's biggest regulators have joined forces in this space. And that's important for SMEs utilising AI because they need to know that their assets are protected and that they're not infringing on anybody else's.

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Cyprus

Cybersecurity funding programme launched for Cypriot SMEs

In a joint announcement, the Cyprus Digital Security Authority and the Foundation for Research and Innovation have unveiled a new funding initiative, the "Enhancement of Cybersecurity in Cypriot Small and Medium-sized Enterprises (SMEs) 2023," with a total budget of €1 million. As the National Cybersecurity Coordination Centre in the Republic of Cyprus, the Security Authority and the Foundation introduced the funding programme aimed at bolstering the security level and ensuring optimal protection of the infrastructure, systems, and information of Cypriot SMEs.

Additionally, the initiative seeks to enhance their resilience. Furthermore, the programme envisages the certification of SMEs regarding their compliance with European and international measures and criteria, as outlined through the Cyber Hygiene Framework for SMEs by the Coordination Centre.

Each project under this programme is eligible for funding ranging from €20,000 to a maximum of €60,000. The programme is co-financed by the Republic of Cyprus and the European Union's "Digital Europe" programme. Proposals can be submitted through the Foundation's IRIS portal, with the deadline set for January 31, 2024. For more information, interested parties can visit the Foundation's website or contact the Foundation's Service Center at +357 22205000 or via email at support@research.org.cy..

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Dominican Republic

USAID commits $1.4 Million for Dominican trade enhancement

The United States Agency for International Development (USAID) has announced a significant commitment to support the Dominican Republic's trade sector. Deputy Administrator Isobel Coleman revealed a $1.4 million donation during her visit to the Ministry of Industry, Commerce, and MSMEs. This funding is earmarked to bolster the

Global Alliance for Trade Facilitation (GATF), a program aimed at enhancing trade and nearshoring opportunities through effective public-private partnerships.

The announcement was a highlight of Coleman's visit and involved key public and private sector representatives. The alliance includes several prominent Dominican institutions, such as the Ministry of Industry, Commerce, and MSMEs, the General Directorate of Customs, ProIndustria, ProDominicana, and the National Council of Export Free Zones. From the private sector, influential bodies like the American Chamber of Commerce of the Dominican Republic and the Dominican Association of Exporters were present.

This initiative is particularly focused on empowering micro, small, and medium-sized enterprises (MSMEs), including those led by women. It aims to facilitate these businesses' participation in international trade and capitalize on nearshoring opportunities. Additionally, the program seeks to create commercial linkages between local SMEs, including women-run companies, and free zone companies, assisting them in achieving trade facilitation certification.

Coleman's trip included strategic discussions with Dominican Republic President Luis Abinader, Foreign Affairs Minister Roberto Álvarez, and Minister of the Presidency Joel Santos. These talks centered around strengthening bilateral cooperation and exploring new investment avenues. The visit also featured a meeting with Scott Nathan, executive director of the United States International Development Finance Corporation (DFC), focusing on investment opportunities in light of the United Nations General Assembly and the USAID Democracy Works event.

Coleman and Nathan also engaged in talks with Minister Bisonó to further collaborative efforts towards inclusive economic development, improved investment climates, and anti-corruption measures. Additionally, Coleman participated in a roundtable with local civil society organizations to discuss various societal issues.

This donation follows an earlier pledge in April 2023 by then-Deputy Secretary of State Wendy Sherman, who announced a $6 million USAID donation to develop the northwest region of the Dominican Republic as an economic hub through nearshoring industries and trade via the Port of Manzanillo.

The Global Alliance for Trade Facilitation, supported by the governments of Canada, Germany, and the United States, aims to reduce trade barriers and streamline import and export processes. It emphasizes the role of trade as a key driver of economic growth and development, promoting effective public-private partnerships to achieve these goals.

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Georgia

Georgia leading in EU Eastern Partnership's small, medium-sized business policy

Georgia has maintained the status of a frontrunner in the Small and Medium-Sized Enterprises Policy Index involving the European Union's Eastern Partnership countries, with the latest ranking revealed by the Organisation for Economic Co-operation and Development on Wednesday, Azernews reports, citing Agenda.

The report covering Armenia, Azerbaijan, Georgia, Moldova and Ukraine placed the country at the top in 11 out of 12 categories, ranging from institutional and regulatory framework, operating environment, insolvency and second chances, entrepreneurial training and women's entrepreneurship. The categories also involve small and medium entrepreneurship skills, access to finance, state procurement, standards and technical regulations, internationalisation of small and medium entrepreneurship, business promotion services and innovative policy.

The Georgian Economy Ministry said the ranking highlighted the country's "rapid" post-Covid economic recovery and highlighted the globally recognised high standards in regulatory and business environments, while also nothing SMEs in Georgia benefited from simple registration, a preferential tax regime, expanded e-government services, simplified access to finance and more systematic use of Regulatory Impact Assessment.

The OECD's 2024 SME Policy Index, in its fourth edition, assessed Eastern Partnership countries based on policies supporting small and medium enterprises aligned with the Small Business Act for Europe and international best practices. Conducted every four years, the index evaluates countries across five critical areas, including responsible government, entrepreneurial human capital, access to finance, market access, and innovation and business promotion. The latest index was developed with the support of the European Training Foundation and the United Nations Economic Commission for Europe, and with the financial assistance of the European Union.

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Ghana

New Climate Finance Knowledge Hub opens up opportunities for financial institutions, SMEs

The Ghana Microfinance Institutions Network (GHAMFIN), together with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), has set up a Climate Finance Knowledge Hub (CFKH) to solicit innovative ideas needed to finance green projects in order to protect the climate. The Climate Finance Knowledge hub launch event took place in Accra under the theme "Climate Finance Knowledge Hub - Enhancing Climate Finance for MSME Growth in Ghana".

Through the knowledge hub, which was mooted in 2019, Microfinance Institutions (MFIs) and climate-smart enterprises now have access to a comprehensive e-learning platform that provides specialised training, certification, and technical expertise in climate finance. In addition, CFKH has an extensive online directory that connects users to a global network of recognised climate and green finance groups and companies, enabling collaboration.

The platform also facilitates access to climate funds and simplifies the process of securing financing options for green projects - with features such as value chain analysis, risk assessment, institutional certification, and detailed reporting.

Dr. Christian Jahn, Head of GIZ Ghana's Private and Financial Sector Support Programme (PFS), who officially launched the Hub, said in his speech *"As an organization strongly committed to sustainable development, we are proud to partner with GHAMFIN in the development and launching of this Climate Finance Knowledge Hub. This initiative represents an important milestone in our joint efforts to drive climate resilience and innovation in Ghana's financial sector."* He added that this *hub will place the power of climate-smart financial solutions in the hands of businesses and institutions, offering a comprehensive and user-friendly experience.*

Dr. Jahn further added that the impact of this initiative is expected to be profound. The knowledge to be acquired through this learning platform has the potential to offer financial institutions a grounded capacity to effectively conduct detailed value chain analysis and risk assessment of MSMEs businesses to make strategic and data-driven decisions when approving credit facilities for climate-smart businesses. *"To this end, the CFKH can be touted as a sure pillar in the promotion of sustainable financial practices to driving climate innovation forward," he remarked.*

An opportunity for microfinance institutions and MSMEs
Representatives from the Ministry of Finance, the Ministry of Environment, Science, Technology and Innovation, the Ministry of Trade and Industry, the Development Bank Ghana and the Centre for Climate Change and Sustainability Studies at the University of Ghana were joined by the Deputy Chief Executive Officer of the Development Bank Ghana, Michael Mensah.

He explained *"The Climate Finance Knowledge Hub is an important resource for Ghanaian microfinance institutions and MSMEs. It enables them to navigate the complexities of climate finance. We are convinced that this platform will drive sustainable growth and help create a more resilient and environmentally conscious business landscape in our country*".

The Deputy DG also announced that DBG is partnering with Ghana Enterprise Agency to support female entrepreneurs through providing customised capacity building for women led businesses. "*We are also focusing on supporting youth entrepreneurs, there is enormous potential here. Estimates from the Ghana Statistical Service (GSS) suggest that about 1.55 million adults (15 years and above) were unemployed in 2021, 74 percent of them defined as "young". The well-being of our youth would be significantly impacted if they continue to remain unemployed*," he added.

All stakeholders are confident that this initiative will encourage investment in climate-friendly projects, drive innovation and create a skilled labour force committed to sustainability and resilience. Ghana's international reputation will rise as a result and doors will open for new markets and business models. The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH is implementing the Programme for the Promotion of the Private and Financial Sector (PFS) on behalf of the German Federal Ministry for Economic Cooperation and Development. PFS aims to improve employment opportunities for Micro, small and medium sized businesses in Ghana. This is in line with the BMZ's focus on a just transition in climate efforts.

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Italy

SEC Small Business Advocacy Office Delivers Report to Congress on Capital Raising from Startups to Small Public Companies

The Securities and Exchange Commission’s Office of the Advocate for Small Business Capital Formation issued its 2023 Annual Report today to Congress and the Commission. The report details how entrepreneurs and investors are building companies together, from startups to small public companies. The report is a comprehensive resource on the dynamics of capital raising in communities across the country. Its contents include:

Data on small business capital formation, broken down by:

- Small and emerging businesses
- Mature and later-stage businesses
- Initial public offerings and small public companies
- Women founders and investors
- Diverse founders and investors
- Natural disaster areas
- Rural communities
- Policy recommendations from the Office

Highlights of the Office’s advocacy work and public engagements from fiscal year 2023 Small Business Capital Formation Advisory Committee’s fiscal year 2023 summary of activities The independent advocacy Office works to help advance the interests of small businesses and their investors. Based on feedback received through the team’s continuous public outreach, the Office has developed educational resources to help equip small businesses and their investors with tools to navigate capital raising. Throughout its activities, the Office proactively works to identify and address unique challenges faced by diverse founders and their investors.

On Jan. 30, 2024, the Office will host its fifth annual Capital Call event, during which the public can ask questions about the report and share perspectives on capital raising. Registration for the Capital Call will open in January.

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Malaysia

Rafizi tables White Paper on progressive wage policy to prioritise SMEs; workers paid below RM5,000 eligible

The incentive-driven voluntary opt-in progressive wage programme will prioritise workers in small and medium enterprises, Minister of Economy Rafizi Ramli said in Parliament today as he tabled the much-anticipated White Paper on the progressive wage policy that has drawn support from workers but scepticism from employers.

In it, he detailed the delivery mechanism that will primarily be driven by cash incentives supplemented by tax money.

Rafizi said companies defined as “entry-level” that voluntarily opt in will be given up to RM200 per worker for the first 12 months, on the condition that they raise salaries yearly either by matching or paying more.

Companies at the “non-entry level” will receive RM300 per worker, he added.

For the first year of the policy, the proposal is to cap eligibility for workers earning between the minimum wage and RM5,000, the minister said. “This proposal takes into account that employers who receive a salary range of between RM1,500 and RM4,999 make up to 66.6 per cent or four million workers (from the total formal sector workforce),” the White Paper said. “The threshold should give wide coverage to private sector workers who could benefit from this initiative.”The rate of yearly increment will also have to be pegged to productivity, a condition set after considering concerns from employers, Rafizi said.

This means employers who apply for the cash incentive will have to show proof that workers have been “upskilled” and productivity raised. The White Paper did not state if employers must apply specific indicators to measure productivity objectively. “Companies that participate in the Progressive Wage Policy must send their workers for training and upskilling programmes recognised by the government,” the minister said. “Workers on the other hand must observe conditions set for training and upskilling that will be translated into more quality and productive work that would match the salary bump.”

The programme is expected to cost the federal government RM2 billion but Rafizi suggested it could change depending on Putrajaya’s “financial situation”. The minister pledged to make the financing mechanism “simple” especially for smaller companies. He stopped short of giving details. Local SMEs will be the primary target for participation even if approval will be on a first-come first-served basis. Participating companies will then be rated through a “star system”, which Rafizi said is aimed at spurring competition that would encourage companies to offer “competitive” salaries.

The better the company pays the more stars it will get, and therefore attract more talents. Rafizi suggested the policy would benefit up to one million workers and add at least RM3.3 billion in gross domestic product. The programme is also expected to add up to RM1.8 billion in income tax collection, with up to 37,000 workers soon earning taxable income. “The salary raise will increase the purchasing power of workers and give multiplier effects to consumption and private investments,” Rafizi said.

Prime Minister Datuk Seri Anwar Ibrahim vowed to raise living standards upon taking office. Salary growth in Malaysia has stagnated in the last two decades. From 2011 to 2022, salary grew at a mere 4.1 per cent, official wage data showed. Up to the first quarter of 2023, 73 per cent of the country's formal sector workers earned less than RM5,000, 56 per cent are paid less than a living wage (RM3,047 monthly) while 47 per cent earn below the latest poverty line of RM2,589 a month. One out 10 workers in this sector are paid below the minimum wage of RM1,500 a month. Stagnant wage growth has made Malaysia one the countries with the lowest household savings, according to World Bank data..

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Nigeria

Nigeria to Commence Loan, Grant Disbursement to SMEs

The loan will be administered to beneficiaries at a single-digit interest rate of 9% per annum. Nigeria's federal government has announced the take-off of its palliative programmes for business players in the country. The programmes, namely: Presidential Conditional Grant Programme and Presidential Palliative Loan Programme will be in form of loans and grants. In a statement issued on Sunday, by Minister for Industry, Trade and Investment, Dr Doris Uzoka-Anite, the programmes are part of present administration's efforts to cushion the effect of subsidy removal.

President Bola Ahmed Tinubu in his palliative plans released in July had promised to release N125 billion in funding for Micro, Small, and Medium-Sized Enterprises (MSMEs). The statement, which was sighted by THISDAY disclosed that under the Presidential Conditional Grant Programme, a sum of N50,000 will be disbursed to nano businesses across the 774 local government areas in the country.

"Eligible nano business beneficiaries should be willing to provide proof of residential/business address in their local government area, and provide relevant personal and bank account information, including Bank Verification Number (BVN) for verification of identity", it read.

For the Presidential Palliative Loan programme, Uzoka-Anite in the statement said a total of N75 billion will be released to Micro, Small and Medium-sized Enterprises (MSMEs) across various sector and N75 billion to manufacturers. She noted further that the loan shall be administered to beneficiaries at a single-digit interest rate of nine per cent per annum.

"*While MSMEs can access loan facilities up to N1 million with a repayment period of three years, manufacturers can access up to N1 billion to access financing for working capital with a repayment period of 1 year for working capital or five years for the purchase of machinery and equipment*," she added. The minister said the interested persons can apply for the loans by submitting their application on a designated portal for the programme. She further expressed that the initiatives are believed to encourage entrepreneurship and job creation in the economy.

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Romania

Romania's 2024 Draft Budget Outlines Allocations for Start Up Nation, Shifts Focus to European Funding

The Romanian Ministry of Finance has recently unveiled its draft budget, which outlines various allocations for paying the beneficiaries of the Start Up Nation 2022 program. However, the draft lacks provisions for a new 2024 edition of the Start Up Nation program. Instead, the Ministry of Economy has announced its intention to launch the fourth session with the aid of European funds.

Allocation for Business Support Programs

The 2024 budget draft includes provision for financing several national programs aimed at supporting private businesses. The total budget earmarked is 4.78 billion lei in commitment appropriations and 1.23 billion lei in budgetary appropriations for the Ministry of Economy, Entrepreneurship, and Tourism (MEAT). Among the notable programs for small and medium-sized enterprises (SMEs) is the Start Up Nation Romania program, which has been allocated 209.15 million lei for payments to beneficiaries of the 2022 edition. However, no commitment appropriations have been made for a 2024 edition.

Shift to European Funding

The fourth edition of the program is expected to be launched with European funding. This move represents an adaptation to the European program's conditions, with a focus on fostering entrepreneurship and job creation. The draft budget makes clear provisions for other programs, such as the Multiannual National Program for Developing Entrepreneurial Culture Among Women Managers in the SME Sector, the Program for the Development and Modernization of Market Product and Service Commercialization Activities, and the Multiannual National Micro-Industrialization Program. These programs emphasize the importance of digitalization and online commerce.

Additional Allocations

In addition to these, the budget draft includes schemes to support the competitiveness of Romanian industrial products and the establishment of business incubators within universities. The draft also includes a non-repayable financial allocation to aid investments in tourism infrastructure and professional training in the HORECA sector. Furthermore, grants have been provided for investments in the manufacturing industry and the circular economy for entities within the processing industry.

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UAE

Dubai Chamber of Commerce announces establishment of Costa Rican Business Council in Dubai

Dubai Chamber of Commerce, one of the three chambers operating under Dubai Chambers, has announced the establishment of a new Business Council to represent the interests of Costa Rica's business community in the emirate. The formation of the 'Costa Rican Business Council in Dubai' is a strategic move designed to enhance trade ties and strengthen connections between the two markets.

The chamber welcomed a delegation featuring His Excellency Dr. Arnoldo André Tinoco, Minister of Foreign Affairs and Worship of Costa Rica; His Excellency Francisco Chacón Hernández, Ambassador of the Republic of Costa Rica to the United Arab Emirates; and founding members of the council for a special meeting to discuss the council's formation. The dialogue focused on strategies for collaboration to unlock the full potential of the new business council, which will deliver a host of benefits for companies in both Costa Rica and Dubai.

His Excellency Mohammad Ali Rashed Lootah, President and CEO of Dubai Chambers, stated: "The establishment of the Costa Rican Business Council in Dubai represents another significant step in enhancing the trade and investment relationship between the business communities in our respective markets. This collaborative effort comes as part of our ongoing drive to ensure a supportive, enabling, and world-class business environment in Dubai. We look forward to working together to boost bilateral trade and promote cross-border opportunities for business and investments."

The value of non-oil trade has been growing steadily and reached USD 58.7 million in 2022, representing an impressive annual growth rate of 19%. Bilateral trade and investments are set to increase further following the launch of the new Business Council. Earlier this year, Costa Rica also entered into preliminary CEPA negotiations with the UAE, paving the way for building a significant and influential platform that will further cement the economic relations between the two countries.

Covering markets of strategic importance to Dubai, Business Councils serve as valuable platforms for companies in the UAE and abroad to connect, collaborate, and build mutually beneficial partnerships. Operating under the umbrella of Dubai Chamber of Commerce, the councils drive advocacy efforts, secure legislative enhancements, and build bridges of cooperation with business communities across the globe.

Business Councils are non-profit organisations comprising companies, business owners, and industry experts that represent the interests of companies from specific countries operating in Dubai. The councils work in cooperation with the chamber to promote bilateral trade and investments between businesses in Dubai and the market represented by each council.

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Asia

01fintech Invests $20m in Validus to Drive SME Financing in The Southeast Asia Region

01Fintech, a growth stage private equity firm founded by former Ant-Group executive and specializing in financial technology in Southeast Asia, has on Wednesday announced a significant $20-million investment in Validus, a small-and-medium-enterprises (SME) supply-chain financing platform with operations in Indonesia, Singapore, Thailand and Vietnam.

01Fintech said in a statement that the investment will enable Validus to accelerate its expansion plans in fast-growing markets like Indonesia, to enhance its technology innovation, and solidify its position as the market leader in the supply chain financing. *"This investment by 01Fintech is a significant milestone for us. We are excited about the opportunities this partnership will unlock for us*," said Nikhilesh Goel, Co-founder and Group CEO, Validus.

With the support of 01Fintech, he said the firm aims to cement its leadership as the number one digital SME financing company in the region. *"We will be able to tap into their expertise and vast network in the region. The in-depth due diligence 01Fintech has done has shown their deep domain expertise and willingness to identify areas of growth to bring the company to the next level, "We continue to stay focused on our mission of providing more accessible financial products and services to SMEs across Southeast Asia, and look forward to a successful collaboration that will continue to drive innovation in supply chain financing,"* he added.

Validus is a firm drives financial inclusion and prosperity for small businesses by leveraging proprietary data and artificial intelligence (AI) to drive growth financing to the under-served SME sector, resulting in faster and effortless one-stop financial solutions that increase SMEs' productivity and cost savings.

Since its inception in 2015, Validus has disbursed more than $3 billion in loans to small businesses across Southeast Asia. Against the backdrop of a challenging macroeconomic environment, Validus has continued to deliver quality growth, and show positive upward trends across all key performance metrics, including 50 percent in revenue growth and 40 percent decrease in losses this year. Validus is backed by highly-reputed investors including Vertex Ventures Southeast Asia and India, Vertex Growth, FMO, and several major East Asian financial institutions including NorinChukin Bank and NongHyup Financial Group.

According to the statement, Southeast Asia represents a tremendous $490 billion SME financing gap opportunity for specialized digital lenders with strong credit assessment capabilities.

The Asian Development Bank estimates micro, small, and medium-sized enterprises (MSMEs) make up 97 percent of all regional enterprises, employ 69 percent of the labor force and contribute significantly to 42 percent of the gross domestic product (GDP).

Still, most SMEs do not have access to sufficient credit and liquidity required for their daily working capital needs. It is noted that over 60 percent of these private enterprises cannot get loans when they need them; operators and their employees are forced to live cash-in-hand which creates a bottleneck for growth.

Thus, Validus' focus on addressing the unmet financing needs of SMEs aligns with 01Fintech's mission of supporting financial technologies that enhance inclusion for the under-banked and under-served communities. It is also noted that 01Fintech recognizes the tremendous potential of Validus' unique approach to SME financing which has led to its rapid growth and partnerships with the world's largest financial institutions such as Citibank and other major global banks.

"Validus innovative data-driven approach, strong credit assessment capabilities, and continuous learning technologies which automate the assessment process has proven to be a game-changer," said Kenny Man, Managing Partner of 01Fintech. According to him, Validus has a unique strategic ecosystem partnership model with brand owners, conglomerates, and public companies across Southeast Asia, which enables them to better serve the upstream SME suppliers and downstream buyers. He said these partners provide critical proprietary supply chain data to Validus, which will continuously improve its risk underwriting models and algorithms, a unique strength that other similar companies do not have. "By leveraging their existing approach to supply chain financing, we believe Validus can further tap into the merchant bases of other platforms and provide supply chain financing in a seamless, automated way, "This investment reflects our conviction in the team's capabilities and passion to address a huge pain point facing SMEs in Southeast Asia and its vision to be the number one supply chain financing service provider in the region," he added.

01Fintech is a growth-stage Asia (ex-China) focused private equity firm which aids and empowers fintech entrepreneurs to scale their visions.

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ADB Announces Start of Climate Action Catalyst Fund

The Asian Development Bank (ADB) has on last Friday announced that it will start on January 1, 2024 operations of its Climate Action Catalyst Fund (CACF) — a first-of-its-kind carbon fund under the Paris Agreement. ADB said in a statement the fund aims to mobilize innovative carbon finance through the purchase of carbon credits to catalyze investments in transformative mitigation actions in ADB's developing member countries (DMCs).

According to the statement, the fund will provide up-front finance to high impact climate mitigation actions for the future delivery of carbon credits under long-term transactions, in significant contrast to the usual carbon market practice of payments upon delivery, which can take years to benefit project owners.

"We are nowhere near the levels of financing needed to scale up the decarbonization of economies in Asia and the Pacific," said ADB Director General for Climate Change and Sustainable Development Bruno Carrasco at COP28. "Carbon finance can play a critical role in incentivizing investments into climate mitigation projects in our region, "The commencement of the CACF is another step towards helping our members cut emissions and raise their ambitions in a cost-effective way," he added.

Under Article 6 of the Paris Agreement, nations can pursue so-called cooperative approaches—where countries cooperate directly with one another. For example, this can enable the carbon emissions reduced through climate mitigation measures in one country to be transferred to another country and count towards the latter's nationally determined contributions (NDCs).

According to the statement, the Swedish Energy Agency has signed an agreement with ADB to contribute 300 million Swedish krona (approximately $27 million) to the fund. The fund aims to mobilize more than $100 million in commitments from national and subnational government entities, and the private sector in ADB members. By prioritizing high quality climate mitigation actions and environmental integrity, the fund will help to diffuse advanced low-carbon technologies and deliver sustainable development impacts for the local communities in Asia and the Pacific.

The fund seeks to help ADB DMCs achieve—and then raise the ambition of the targets under their NDCs over time. For financing partners, it can help meet compliance requirements or fulfil other purposes by purchasing carbon credits from a diverse portfolio of projects, programs, and scaled-up activities supported by ADB.

"No country, region or institution can tackle the challenge of combating climate change alone. Instead, we must form partnerships and leverage our collective strengths to address the challenges of transitioning to a low carbon economy," said Swedish Energy Agency Director General Robert Andrén. "Today, we are proud to continue our journey of pioneering carbon markets' role together with ADB, contributing to a clean energy transition, low carbon development and increased ambition by countries," he added.

The announcement cements ADB's position as an early mover in operationalizing international carbon markets under Article 6. As the markets are new, the first tranche of Article 6 transactions under the fund will aim to set examples for new stakeholders interested in engaging in Article 6. The fund will also provide an important price signal while contributing to the development of new international carbon markets under the Paris Agreement. As Asia and the Pacific's climate bank, ADB's carbon markets initiatives are part of its wider efforts to enhance climate action and pursue green growth in the region.

ADB aims to provide $100 billion in climate financing from its own resources from 2019 to 2030, including $34 billion for adaptation. In 2022, ADB committed $7.1 billion of climate finance and mobilized an additional $548 million from the private sector. ADB said it is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region.

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Europe

Tallinn-based Arbonics gets €5.5 million to build the highest-quality forest carbon platform to fight climate change

Arbonics, a nature tech pioneer building the highest-quality, scalable forest carbon removal platform in Europe, has secured a €5.5 million seed investment from NordicNinja, Plural and Tilia Impact Ventures to meet the growing demand for quality carbon removal. The investment will allow Arbonics to continue scaling its innovative climate change solution across the continent.

This funding round takes the total raised by the Estonian company to €7.3 million. The latest investment will be used to further develop Arbonics' product portfolio to cover the entire forestry lifecycle, grow its team and expand to cover 50% of European forests next year.

Founded in 2022 by CEO Kristjan Lepik and COO Lisett Luik, Arbonics is setting a new standard for how transparent, scalable, and impactful forest carbon projects can, and should, be. Not just for those looking to invest in forestry projects, but for the thousands of landowners who are increasingly looking to Arbonics to better quantify the environmental benefits of their land.

Arbonics CEO Kristjan Lepik said: "With this recent funding we're poised to make a significant impact, not just as a business but as a catalyst for meaningful change. This year has been tough on the carbon markets, and with concerns around the Voluntary Carbon Market but it's exactly what it needed to mature. It proved just how important it is for the market to be more transparent and proven for forest carbon projects, and at Arbonics, that's what we're building. Our tech stack is designed to elevate the nature-based removals industry, setting a new standard for what can be achieved when forests and technology work in harmony. With the support of our latest investors, we can continue building what we consider to be the future of transparent carbon removal."

The Arbonics platform combines 30+ layers of data – from on-the-ground sensors to soil readings and satellite imagery – with in-house ecology and forestry expertise, to remotely, and accurately, calculate the carbon removal potential of land in European countries. It can determine everything from which trees are needed to reach the land's potential, to establishing their carbon impact, in seconds.

By bridging the gap between nature and technology, Arbonics is provably scalable. It's already unlocked new revenue sources for 4,000 landowners through analysis of 200,000+ hectares and the planting of 4 million+ trees across multiple European markets. By the end of 2024, it plans to cover 50% of Europe's forest.

The funding will also see Arbonics add further layers of impact assessments for biodiversity, triple its team and build out its work with leading scientists with the launch of a scientific advisory board. In addition to backing from leading impact investors, Arbonics recently reached the final of MasterCard's MASSIV social impact program.

Taavet Hinrikus, Partner at Plural, commented: “While many new projects are being started on the technological carbon removal, those solutions take time. A luxury we do not have. If we take technologies and empower nature with them, in the way that Arbonics does, scalable solutions can happen already this decade.”

Rainer Sternfeld, Managing Partner at NordicNinja, added: “Arbonics is exactly the kind of innovative, scalable and sustainable solution we look for at NordicNinja. The company not only has the technology and market understanding, but also the vision and the team to make a significant difference. We see Arbonics as having the potential to conquer the market in this crucial sector. That’s why we’ve made this strong bet on their, and our planet’s future.”

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Africa

Nigeria Unveils Innovative Support Hub for Emerging Startups, Empowering Entrepreneurial Growth

Nigeria recently introduced the Startup Support and Engagement Portal, a pivotal step in implementing the Nigeria Startup Act. Launched in May 2021 by the Nigerian presidency and influential figures in the tech sector, this legislation aims to establish clear guidelines for collaboration among startups, government bodies, and regulators. Officially signed into law by then-President Muhammadu Buhari in October 2022, following approval by the Federal Executive Council in December 2021 and Senate passage in July 2022, the act aims to propel Nigeria’s technology sector to the forefront of Africa’s entrepreneurial landscape.

The initiation of the portal marks a crucial step in launching startup consultative forums for the selection of representatives to the National Council for Digital Innovation and Entrepreneurship, fostering dialogue and consensus within Nigeria’s ecosystem, as announced by the National Information Technology Development Agency (NITDA).

The newly established startup site is vital in advancing the ongoing implementation of the Nigeria Startup Act, providing a platform for ecosystem stakeholders to participate and seek support actively. It is a hub for discovering and aggregating Nigerian startups, venture capital firms, hubs, and innovation centers.

Following Italy’s pioneering approval of the world’s first startup law in 2012, Senegal and Tunisia became the first African countries to enact similar regulations..

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EVENTS UPDATE

Date: 19-20 January 2024,
Venue: Ludhiana, Punjab, India
Details:

Date: 19-21 January 2024,
Venue: Ludhiana, Punjab, India
Details: https://www.wasmeinfo.org/event/international-conference-exhibition-on-micro-small-and-medium-enterprises-icmsme/

EVENTS UPDATE

Date: 24-27, January 2024
Venue: ICCB Dhaka, Bangladesh
Details: https://www.wasmeinfo.org/event/16th-ipf-bangladesh/

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For any query related to membership write to **membership@wasmeinfo.org**

WORLD ASSOCIATION FOR SMALL AND MEDIUM ENTERPRISES (WASME),

WASME is an International Non-Governmental Organization that has observer and consultative status with many UN agencies, such as UNIDO, UNCTAD, UNICITRAL, WIPO, ILO, ECOSOC, UNESCAP, ITC, and UNESCO. Additionally, WASME has several inter-governmental and international organization affiliations. It has been striving to stimulate, foster, promote, and coordinate international cooperation for the growth & development of MSMEs.

WASME was founded in 1980 with the goal of supporting MSMEs in member countries. We have achieved this through our strong association with local government bodies, regional authorities, international linkages, civil societies, SMEs, etc. We are continuously working to improve our innovative and sustainable framework so that we can better serve MSMEs around the world.

WASME's fortnightly SME e-Bulletin "WORLD SME UPDATE" aims to keep its readers abreast of latest information on various developments taking place in the SME sector around the globe. If you have any news/information on the issues related to Government policies & programmers and latest developments in the SME sector i.e. technology and innovations, success stories, case studies, research and methods, planning and programs, training and developments, finance and management, and marketing that you would like to share with the world SME community, please do send them to us at editor@wasmeinfo.org

We always welcome your valuable feedback/comments on the SME e-Bulletin to further enhance our services on information dissemination. Hence, please send us your valuable guidance as well as meaningful articles as a regular contribution to SME e-Bulletin and our website in the larger interests and benefits of SMEs the world over.

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