

Energy Efficiency in SMEs

Small and medium-sized enterprises (SMEs) typically represent 99% of the enterprises within an economy, and 60% of the employment. If these SMEs could be helped to use energy more efficiently, it would benefit the SMEs by reducing their cost base while simultaneously boasting national productivity. However, due to a lack of information, technical expertise and funding, SMEs are rarely in a position to exploit energy efficiency opportunities resulting in the competitive benefits being lost.

Evidence gathered by the International Energy Agency has identified six critical factors to guide policy makers in helping SMEs realise the cost saving from more efficient use of energy leading, to improved SME competitiveness, a boost to the overall economy and improved national energy security.

Policy pathway to help SMEs use energy more efficiently:

- ▶ Design SME programmes that combine information, expertise and financing to provide ease of access and minimize transaction costs.
- ▶ Tailor packages of information and services to the specific needs of SMEs within individual sectors, and deliver these packages through trusted sources such as professional networks.
- ▶ Communications should emphasise issues that matter most to SMEs such as the ability of energy efficiency to enhance productivity, product quality and safety. The personal experiences of peers tend to have more credibility than messages from other sources.
- ▶ Programmes should build the capacity of local financial institutions and energy efficiency experts to enable identification of energy efficiency opportunities within SMEs, and to provide long-term programme sustainability.
- ▶ In developing programmes, creative approaches to financing should be considered. For SMEs, grants, dedicated credit lines and leasing options for energy efficient equipment are often more appropriate than commercial loans.
- ▶ Monitoring and evaluation is important to assess and enhance programme effectiveness, but should be designed to minimise additional burdens on SMEs.

The full Policy Pathway offers guidance on improving the energy efficiency of Small and Medium Sized Enterprises and provides case studies from around the world. The report can be downloaded from www.iea.com

Checklist to Accelerate the Adoption of Energy Efficiency in SMEs

PLAN: Tailor the programme to meet the specific needs and circumstances of each SME sector. Consider barriers between SMEs and improved efficiency. Proactively engage with stakeholders and coordinate with existing programmes.

- 1 Develop the programme rationale including defining target markets, efficiency barriers, and potential energy and non-energy benefits.
- 2 Consult, and seek support from, a broad range of stakeholders, particularly sector bodies, SME associations, and peer groups.
- 3 Design the programme incorporating communication, financing, and expertise-building components.
- 4 Secure funding, staffing and other resources. Extend programme reach by working with stakeholders already trusted by SMEs.

IMPLEMENT: Incrementally roll out the programme, paying particular attention to the communication channels that have maximum credibility for SMEs, and to delivering messages through the programme partners with existing channels effectively accessing target sectors.

- 5 Pilot the programme in SME subsectors and/or by rolling out individual programme components.
- 6 Launch the programme. Employ a systematic approach to identifying all candidates that may benefit from programme support.
- 7 Manage the implementation process and maintain contact with target participants. Take care not to overwhelm SME resources.

MONITOR: Regularly collect, review and share data on the ongoing planning and performance of the programme. Discuss successes and failures with stakeholders to identify areas of weakness and the appropriate programme modifications to maximise impacts.

- 8 Gather and discuss programme performance information. Revise programme elements or delivery routes as required.

EVALUATE: Determine the programme results, impacts and success factors. Measure the effectiveness of individual programme elements and overall programme cost-effectiveness to assist in directing future activities.

- 9 Collect and analyse data to measure programme effectiveness. Do not overburden SMEs during data collection process.
- 10 Adapt the programme to build on successes and plan next steps including programme expansion when appropriate.