



Green financing in Santa Fe to support SME innovation in renewables and energy efficiency

Government: Santa Fe, Argentina

Region: Latin America

Sector: Climate finance

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Summary

The province of Santa Fe is in Argentina’s main growth corridor. This privileged location, close to the main markets of agricultural and industrial supplies, professional services and mass consumption industries, fosters the establishment of businesses, industrial activity and operations centers in the province. As a result, [Santa Fe generates 8% of Argentina’s GDP and 20% of its exports.](#)

Santa Fe’s industrial sector depends largely on natural gas for its operations. It accounts for 48% of the province’s energy mix. To promote investment in renewable energy and energy efficiency, the province launched the Green Credit Lines program to finance the generation of renewable energy, the production of equipment or component parts for renewable power generation and for energy efficiency projects in the industrial sector.

This green financing option is intended for local small and medium-sized enterprises (SMEs). It is a joint initiative between the Secretariat of State for Energy of the province and the Municipality of Rosario, executed through the Municipal Bank of Rosario – a public bank of the province – in charge of managing the loans granted. The Undersecretariat of Renewable Energy supports applicants with the technical evaluation of projects, once pre-selected, these can be presented to the Bank for processing.

Announced in 2014, the first phase of the program had an initial quota of ARS 50 million, financing up to 80% of the total investment project at a preferential rate of 18%. The second phase announced in 2016, has a quota of ARS 40 million and a preferential rate of 17%, to be paid in 36 instalments, and a minimum investment of ARS 40,000 per project.



Results

Since its launch in 2014 and until 2016, more than ARS 75 million in credits were approved, benefiting more than 50 companies in the province. About 60% of the financing approved was invested in renewable energy and approximately one third in energy efficiency.

In 2017, an additional ARS 17 million was approved for eight energy efficiency projects and this year more than ARS 10 million has already been committed for six projects.

Examples of projects financed in the agricultural sector include the construction of biodigesters and biomass boilers for the transformation of organic waste into biogas as a fuel or for power generation. Other companies invested in the installation of LED lighting systems for energy saving in buildings and in distributed generation of electricity from renewables with the installation of solar heaters and photovoltaic panels.

Enabling conditions

The province of Santa Fe underscores the generation of renewable energy and increasing energy efficiency as key objectives on the government's agenda. The Law N ° 12692/06 of the promotional regime of renewable energies, contemplates the signing of agreements with financial entities to grant credits with preferential interest rates. Likewise, [mitigation and adaptation measures to climate change](#) in the province include developing mitigation strategies focused on renewable energies, energy efficiency and sustainable consumption.

Challenges

- Little understanding of the economic opportunities of climate investment, prevailing business as usual and traditional practices: preference for short-term benefits instead of long-term savings and new revenues streams.
- A key limitation for SMEs development and growth is the difficult access to financing and growth capital, especially for startups, that lack credit history and sufficient guarantees and collateral to access bank loans and other financing instruments.

Key lessons learned

- Governments looking to replicate this initiative to promote sustainable investment in renewable energy in their jurisdictions should focus on providing the conditions for SMEs to invest in products and services that generate growth and employment opportunities. This program achieved this by supporting local production and creating commercial opportunities for local companies in the renewable energy sector e.g. manufacturers of solar water heaters, photovoltaic panels and wind turbine towers for wind energy.
- Improving access to financing for SMEs not only provides an economic benefit for companies, it also reduces the environmental impact of industrial activities due to more efficient industrial processes and investments in renewable energy.
- The support of the public sector to the SMEs is essential, while also promoting private sector investments through financing tools such as the Green Credit Line.

More information

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