SME Finance Sprint

Climate-Proofing SMEs Campaign

The Climate-Proofing SMEs Campaign brings together over 45 collaborators to accelerate SMEs' access to finance, capacity building, and supply chain engagement support for climate action.

Climate-Proofing SMEs Campaign collaborators' work span

business | **financial institutions** | **universities** | **subnational governments** | **cities** | **local communities**

enabling a **multi-stakeholder** collaborations and systemic approach.

Our Approach

Through its over 45 collaborators, the Climate-Proofing SMEs campaign aims to empower and enable SMEs to take ambitious climate action. Central to this effort is the **SME Finance Sprint**, which seeks to facilitate SMEs' access to finance through:

- Activating and accelerating action from multilateral and regional development banks, (national) commercial lenders, large corporates, and SMEs, and to align these actions to catalyse investment in SMEs
- Bringing together evidence of existing actions being taken by various stakeholders to facilitate knowledge sharing, showcase leadership examples and drive scalability of solutions
- Setting out a forward looking shared Plan to Accelerate Solution laying out how each stakeholder plans to progress their actions, both individually and also collaboratively, as a contribution to the COP30 Action Agenda

We acknowledge the contribution of campaign collaborators to this document, especially International Finance Corporation (IFC), African Development Bank (AfDB), Bankers for Net Zero Alliance (B4NZ), and National Business Initiative (NBI) for actively contributing to the SME Finance Sprint.

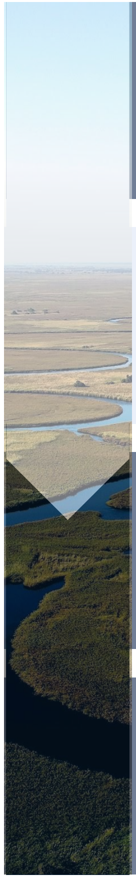
02 Chapter 2
DFIs and MDBs

SME Finance Sprint

Accelerating SME Access to Finance to where it is needed most

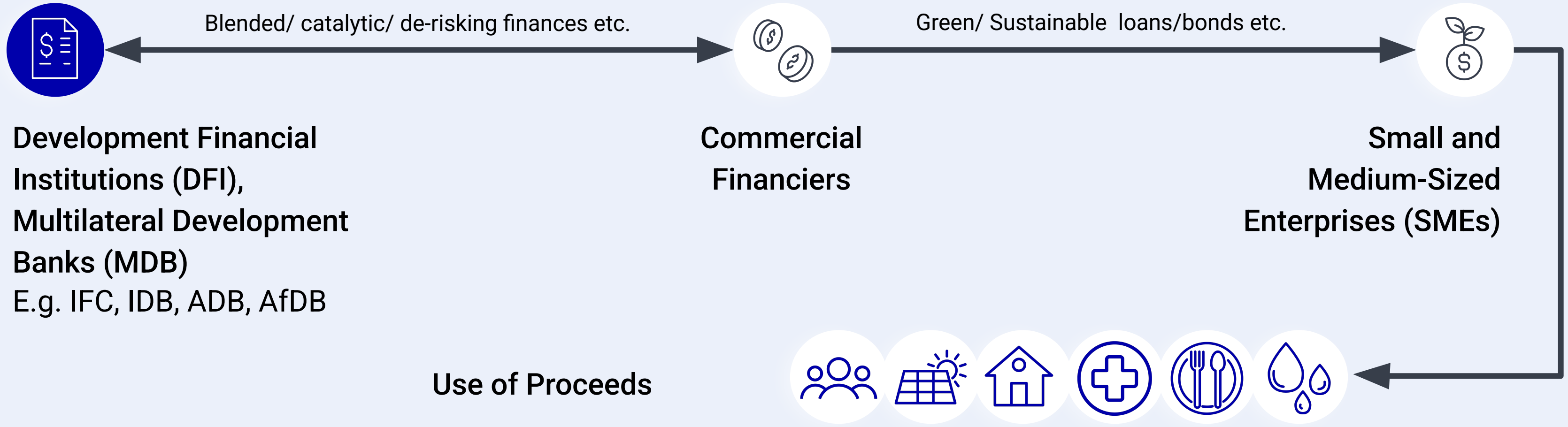
As part of the Climate-Proofing SMEs Campaign, SME Finance Sprint aims to mobilise major financial institutions including Multilateral Development Banks, Development Financial Institutions, commercial lenders (commercial banks, non-bank lenders and micro finance institutions) and venture capital funds to increase their financing to SMEs in emerging economies. This SME Finance Sprint also aims to accelerate and support the COP 30 Presidency's **Action Agenda Key Objective 28: Innovation, climate entrepreneurship and small and medium enterprises** by curating and highlighting scalable and high-impact financing solutions that are being implemented by public financiers, commercial lenders, corporates and SMEs.

> **This chapter focuses on the role of public financiers like MDBs and DFIs and their impactful initiatives, especially in the Global South, to support SMEs in decarbonization and building resilience to adverse climate impacts.**



Flow of capital for sustainable SME finance

Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) are a primary source of capital in the pathway to mobilize significant catalytic capital for Small and Medium-sized Enterprises (SMEs) to lead global climate action.



SMEs take climate action to build resilience (Race to Resilience), reduce emissions (Race to Zero with partners like the SME Climate Hub) and adapt to climate impacts across food, water, housing, and health.

MDBs and DFIs

Strategic Financial Role

Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) play a crucial role in mobilizing significant capital for Small and Medium-sized Enterprises (SMEs) to lead global climate action using various kind of innovative financial instruments.

Role	Key Instruments	Key Opportunities & Benefits of Taking Action
De-risking Finance - absorb portions of risk that commercial lenders normally avoid, making small-scale green projects bankable and lowering credit barriers for SMEs.	- Concessional loans (below-market rates, longer tenors) - Partial credit guarantees & first-loss facilities - Subordinated debt tranches	- Reduced borrowing costs & collateral requirements - Longer repayment periods - Higher approval rates for climate investments
Scalable, Catalytic Financing - Blended finance that attract private investors by layering concessional capital beneath commercial tranches, absorbing early losses and spurring co-investment.	- First-loss capital - Credit syndication with commercial banks - Securitisation of aggregated SME loan portfolios	- Expanded finance availability beyond public funds - Diversified investor pools - Greater confidence among local lenders

MDBs and DFIs

Strategic Non-Financial Role

They also play an important role through **non-financial supports** such as channel development, project curation and technical training.

Role	Key Instruments	Key Opportunities & Benefits of Taking Action
Capacity Building, TA* - Hands-on support helps on-lending financiers and SMEs assess climate risks, design bankable projects, meet sustainability standards and track impact effectively.	- Technical assistance* facilities & advisory services - Digital toolkits, training workshops & ESG templates - Regional incubation hubs & peer-networks	- Stronger business cases aligned with investor criteria - Easier access to follow-on finance
Ecosystem Development to expand on-lending/ last mile access - partner with national and regional banks, anchoring funds and lines of credit to scale up green lending, replicating successful financing models across markets.	- Green credit lines via local banks - Anchor investments in SME climate funds & PPP platforms - Aggregation vehicles pooling small projects - Sustainable-finance taxonomies & certification schemes	- Wider geographic reach for financing - Lower transaction costs through pooled due diligence - Sustainable finance channels beyond MDB/DFI involvement
Policy & Standards Advisory- Advising policy makers to align domestic regulations with global best practices, creating transparent, stable rules and attractive incentives for SME climate action.	- Sustainable-finance taxonomies & certification schemes - Carbon pricing, green procurement & fiscal incentives - Just-transition frameworks	- Predictable regulatory environment - Access to tax breaks, grants & preferential tariffs - Inclusion in national climate strategies & tenders

To scale climate finance for SMEs, MDBs and DFIs should focus on scaling the below actions

Barriers to Scaling Finance

Insufficient concessional capital

A shortage of first-loss tranches and subsidy funding limits MDBs’ ability to de-risk SME portfolios and crowd in private finance.

Elevated perceived SME credit risk

Limited credit histories, inadequate collateral and high assumed default rates make SMEs unattractive under standard MDB/DFI risk frameworks.

Weak intermediary and SME pipeline capacity

Domestic banks lack green-lending expertise, and most SMEs cannot prepare bankable, climate-aligned proposals without intensive assistance.

Disproportionate transaction costs

Small-ticket SME loans incur due-diligence and monitoring costs that far exceed economy-of-scale thresholds.

To scale climate finance for SMEs, MDBs and DFIs should focus on scaling the below actions

Bridging the Gap: Priority Actions

De-Risking Finance

Deepen Concessional Lending
- Establish dedicated, low-cost SME-climate windows with subsidized interest rates and reduced transaction costs
- Allocate a committed value annually in concessional tranches earmarked for green SME loans.

Standardize Risk Guarantees
- Roll out first-loss and partial-credit guarantee products covering 50–70% of loan principal.
- Publish uniform guarantee templates to slash structuring timelines and legal costs.

Scaleable Catalytic Financing

Scale Blended-Finance Instruments
- Offer pre-packaged capital stacks (grant + concessional debt + senior loan) sized for $100 K–$1 M SME tickets.

- Create a revolving blended-finance platform that pools concessional, commercial and donor funds.

Capacity Building

- Develop modular e-learning and in-person training on de-risking tools, blended structures, pipeline curation and alternative risk management.

- Place DFI risk-team secondments inside partner banks. This will embed best practices in credit appraisal and portfolio management to better manage risk and keep operational costs under control

Leadership in Action

Scaleable Catalytic Financing

Agri-food SME Catalytic Financing Mechanism (ACFM)

African Development Bank (AfDB)

Empowering women, promoting climate-resilient agri practices: AfDB's investment in African Agri-SMEs* across the value chain

Problem Statement: Agri-SMEs in sub-Saharan Africa** face an annual finance gap of at least USD 180 billion. There are major systemic barriers faced by women entrepreneurs and SMEs in the agri value chain and are unable to tackle climate impacts and risks in their businesses

Actions

- As a co-financing facility, ACFM invests alongside AfDB in investment channels that meet its eligibility for on-lending to agri-SMEs. This enhances the available capital pool for the SMEs
- Providing concessional loans in US Dollars to eligible financial intermediaries (Commercial Banks, Micro-finance Institutions, Impact Funds and larger Agribusinesses) for on-lending to agri-SMEs, which makes it cheaper for the end SMEs
- Prioritization of support to intermediaries that invest in gender-oriented, climate smart agri-SMEs

*Agri-food SME include for e.g. agri inputs and chemical providers, local agri/farming cooperatives
**ACFM Factsheet (Source: AfDB)

Results & Impact

USD$10mlln

Co-financed as a senior loan alongside the USD 65 million from the Bank to support Export Trading Group operations **across African 28 countries**

USD1.8mlln

Technical Assistance grant to Open Capital Advisors to build the capacity of **over 180 Agri-SMEs across 17 countries, including 8 fragile states in East, West and Southern Africa**

Capacity Building

Technical Assistance to the Tanzania Agricultural Development Bank (TADB)

African Financial Alliance on Climate Change (AFAC) hosted by AfDB

Technical Assistance to build TADB climate risk management competencies and capacities that will enable mobilisation of green and sustainable finance towards developing resilient agri businesses in Tanzania

Problem Statement: Climate risk is a high or very high priority on the agenda for FIs, but lack of data*, internal capabilities and standardized technical approaches available to them are primary barriers to adopt comprehensive climate risk management practices

Actions

Started in Sept 2024, the 5 year strategy and 2030 vision for the TADB technical assistance program include:

1. Developing climate risk assessment tools
2. Climate Smart Agriculture (CSA) Catalogue and Fact Sheets creating the basis of the bank's sustainable finance framework
3. Incorporating climate risk components with the bank's existing lending platforms
4. Implementation of Climate-Linked Financial Instruments
5. Integration of climate risk assessments and climate-smart agricultural practices into the bank's strategic policies and operational processes

Results & Impact

The Bank has already started to develop and manage innovative blended finance products for the agricultural sector having internalised climate risk within its framework

Climate risk regulation in Africa's financial sector and related private sector initiatives (Source: AfDB)-AFAC, GCA and UNEP FI's analytical report (2021): 82% of surveyed considered climate risk a high or very high priority on their agenda

Scaleable Catalytic Financing

Investment to Kompanion Bank under MSME Financing Platform: Base of the Pyramid Envelop

International Finance Corporation (IFC) and Kompanion Bank

Address financial inclusion gaps and develop climate resilience by providing medium- and long-term loans to eligible financial service providers, with a focus on micro and small enterprises, informal enterprises, and low-income households

Problem Statement: MSMEs are a cornerstone of the Krgyz Republic economy. However, their access to affordable, long term financing in local currency remains very limited. The financing gap for women-owned MSMEs in the Kyrgyz Republic is estimated at $262 million, representing nearly 18 percent of the country's total MSME finance gap*.

Actions

IFC is investing up to $3 million in local currency equivalent to Kompanion Bank in Kyrgyz Republic to expand financing opportunities to MSMEs

- 10% is earmarked for for climate-friendly projects to foster inclusive, sustainable growth
- 40% earmarked for women entrepreneurs

Expected Results & Impact

Develop communities, support women entrepreneurs, and promote environmentally friendly projects

Expected to catalyze job creation, empowering local entrepreneurs and fostering climate resilience

*Kompanion Bank - MSME Financing Platform (Source: IFC)

De-Risking Finance

Risk sharing facility with FirstRand Bank under IFC's Small Loan Guarantee Program European Commission/Private Sector Window and performance based grant under IFC-BMWK Climate Facility

International Finance Corporation (IFC) and FirstRand Bank

With the support from IFC, the bank will be able to expand lending to more SMEs, including businesses owned by women and those engaged in climate-related activities, such as climate-smart agriculture

Problem Statement: SMEs are significant contributors to economic development, job creation and community upliftment. However, long-term financing in local currency for SMEs in South Africa is limited*.

Actions: A blended finance instrument from IFC that combines a de-risking facility and an incentive grant backed by multiple bilateral funding agencies

- A risk-sharing facility created with FirstRand Bank Limited that will cover half of the credit risk for a portfolio of up to ZAR1.8 billion ($99 million equivalent) of loans to SMEs
- Additional performance based incentive grant to FirstRand if a stretched target of 35% of the risk sharing facility portfolio is achieved to supports climate finance to SMEs in the form on-lending grants/loans

Expected Results & Impact

Increase private sector participation in key sectors in South Africa for inclusive, sustainable, and broad-based growth nd bridging the financing gap for SMEs

Make loans more accessible and affordable for small and medium enterprises (SMEs)

*IFC and FirstRand Bank Small loan Guarantee Program (Source: IFC)

Scaleable Catalytic Financing

De-Risking Finance

MSE Green Invest and Financing for Transformation (MSE-GIFT)*

Small Industries Development Bank of India (SIDBI)

To develop an ecosystem where institutional finance is made available to MSMEs through Participating Financial Institutions (PFIs) at a concessional cost

Problem Statement: SMEs often face high upfront costs when adopting clean and green technologies for effective climate action which acts as a major deterrent.

Actions: A blended finance mechanism that combines cost reduction and de-risking.

- **Interest Subvention Facility (ISF)** that will make all loans under the facility eligible for interest subvention of 2% per annum upto a certain cap of term loan value and this will be available for maximum of 5 years
- **Risk Sharing Facility (RSF)** that provides partial credit guarantee of 75% of the loan

Expected Results & Impact

By lowering financial barriers, the scheme encourages MSMEs to invest in energy-efficient projects, use renewable energy, and adopt waste management practices, thus enhancing their competitiveness and reducing their environmental impact.

*MSE-GIFT (Source: SIDBI)

Scaleable Catalytic Financing

"De-risking instruments are vital to scale private investment for agri-SMEs, youth, and women across agricultural value chains. Through ACFM's catalytic blended finance mechanism and the broader climate insurance protection initiative, every dollar invested can mobilize over tenfold. This approach creates investable markets that attract significant private capital while ensuring affordable and sustainable growth opportunities for agri-SMEs at scale"

Ilyes Bdioui
ACFM Co-ordinator, AfDB

Capacity Building

"The technical assistance supported by AfDB is coming at a very timely moment allowing the Bank to assess its climate risk exposure within its lending portfolio and therefore equipping us with tools that will be able to climate risk profile our clients and therefrom support strategic, climate smart and adaptation measures within the agriculture sector"

Hawabai Abdulla
Principal Strategic Planning Officer and Climate Change Lead, TADB

Additional Resources

Compilation of innovative financing mechanisms/ programs and guiding materials that are related to MSME financing by public financiers for effective climate action. These are effective resources for the various actors in the value chain to draw insights for further effective execution.

Mechanisms/ Programs

International Finance Corporation
Catalytic First Loss Guarantee Facility (FLG)

Click to access full report

The FLG is designed to incentivize financial service providers (FSPs) to increase their lending activities to the underserved by providing first loss coverage for portfolios and is also expected to demonstrate commercial viability

Support women-owned businesses, rural and agrifinance, and climate finance

International Finance Corporation
Global SME Finance Facility (GSMEF)

Click to access full report

The GSMEF is a blended-finance facility that provides investment, risk mitigation and advisory assistance to financial institutions to nable in helping to close the financing gap faced by SMEs in emerging markets

SMEs in fragile countries, Very Small Enterprises, climate-smart SMEs, and women-owned SMEs

African Development Bank
Liberia Youth Entrepreneurship Investment Bank (YEIB)

Click to access full report

YEIB aims to strengthen financial and non-financial business service that ensure inclusion, decrease vulnerabilities, and prepare for resilience and long-term sustainability

Supports young women and men in their entrepreneurship journey

Additional Resources

Compilation of innovative financing mechanisms/ programs and guiding materials that are related to MSME financing by public financiers for effective climate action. These are effective resources for the various actors in the value chain to draw insights for further effective execution.

Guiding Materials

International Finance Corporation

Sustainable MSME Finance Reference Guide

Click to access full report

A practical approach for FIs in on how to implement sustainable finance for MSMEs

Lays out a suitable use of proceeds list for capital expenditures, select operational expenditures, and an approach for supporting operational finance. Also supports in project identification and evaluation, governance and reporting metrics

SEED Climate Finance Flagship Report

Closing the Climate Financing Gap for SMEs

Click to access full report

Insights and analytical framework on innovative climate financing for climate-smart SMEs

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Provides a series of recommendations for governments, finance institutions, development finance institutions and capacity development providers

Organisation for Economic Co-operation and Development (OECD)

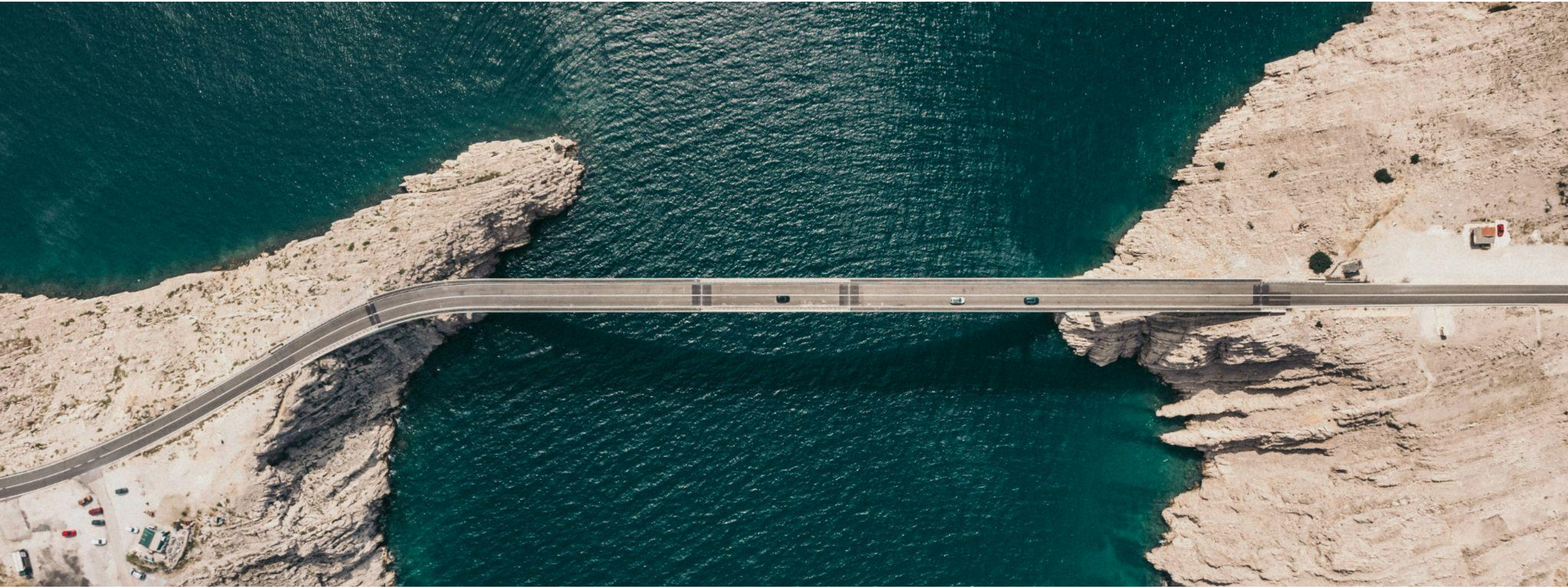
OECD Financing SMEs and Entrepreneurs Scoreboard - 2025 Highlights

Click to access full report

This is an evidence-based tool to monitor SME access to finance, financing conditions and policies and build the resilience of SMEs and entrepreneurs

Aimed to help governments and financial institutions

03 Chapter 3
Commercial Financers



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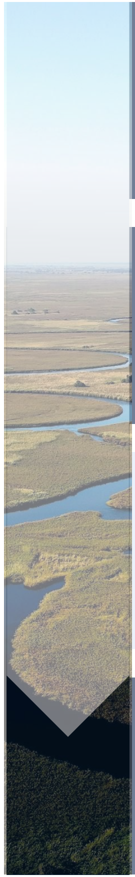
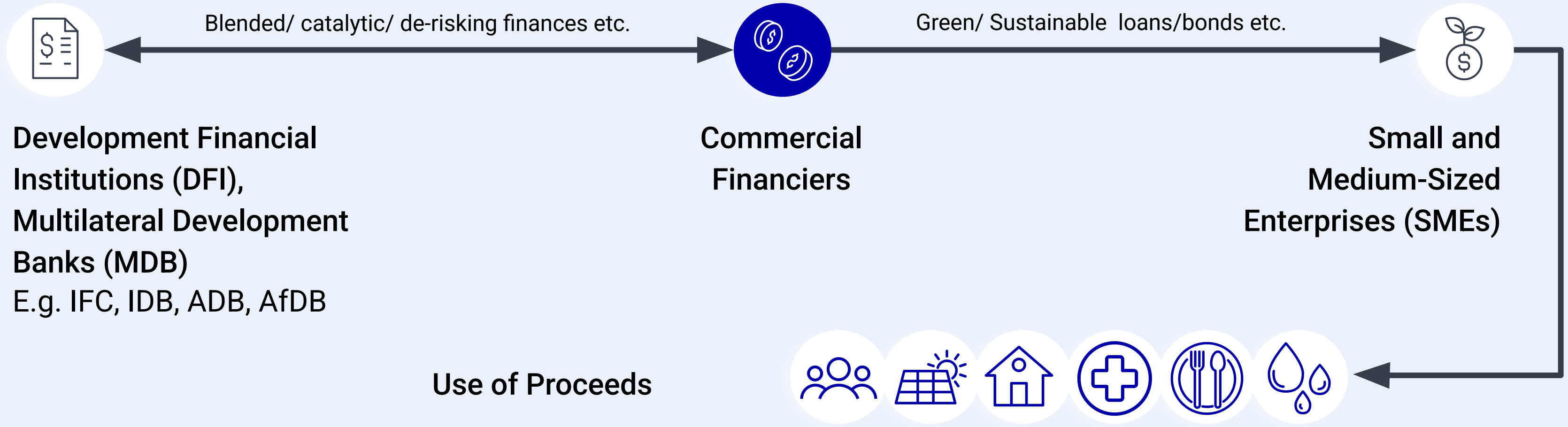
> **In this chapter, we are specifically focusing on the role of last mile commercial lenders/ financiers which can be commercial banks, micro financiers or even catalytic climate/ impact funds. Their role is paramount in bridging the gap between the public financiers and the final recipients that allows meaningful and impactful climate action.**



Flow of capital for sustainable SME finance

Commercial financiers play the most critical role in making funding reach the Small and Medium-sized Enterprises (SMEs) enabling them take meaningful climate action. These financiers also are best placed to ascertain the need and challenges of the SMEs and accordingly guide them in the journey creating the maximum impact.



SMEs take climate action to build resilience (Race to Resilience), reduce emissions (Race to Zero with partners like the SME Climate Hub) and adapt to climate impacts across food, water, housing, and health.

Commercial financers

Strategic Financial Role

Commercial financiers are typically commercial banks, micro financiers or even catalytic climate/ impact funds.

These commercial financers sit at the nexus of capital allocation, risk management and policy influence—making them indispensable to channel affordable finance, build SME resilience and scale private investment in the low-carbon transition.

Role	Operational Impact	SME Impact
Climate-Risk Assessment & Vulnerability Mapping – Analyze SME exposures by sector, region and value-chain role – Segment SMEs by climate vulnerability	Transition from reactive to proactive risk managers, efficiently channeling capital to firms most in need of resilience funding and spotting new green lending opportunities.	High-risk SMEs receive early, tailored financing and advisory—mitigating losses from climate shocks and improving survival rates.
Product Innovation & Tailored Finance – Develop green-loan lines, sustainability-linked loans and concessional facilities – Offer green supply-chain finance	Act as market-makers, setting benchmarks for small-ticket climate products, catalyzing wider adoption and driving down costs through standardization.	SMEs access affordable, purpose-built loans with faster approvals and flexible terms—enabling investment in decarbonization without cash-flow strain.
De-Risking & Blended Finance – Partner with DFIs on partial-credit and first-loss guarantees (50–70% cover) – Standardize blended-finance structures	Leverage public capital to absorb initial losses, unlocking commercial capital at scale and demonstrating the creditworthiness of green SME portfolios.	Reduced lender risk translates into higher loan volumes, lower collateral requirements and cheaper interest rates for SMEs—making green projects bankable.

Commercial financers

Strategic Role - Non-financial

Commercial financers also support SMEs in climate action by acting as trusted advisors, guiding them on sustainability practices, regulations, and opportunities, and connecting them to resources, networks, and expertise beyond financing. The viability of SMEs directly impacts the financers' portfolios and reputations. Therefore, assisting SMEs beyond their financial needs, allows commercial lenders to not only manage a healthy financial portfolio but also enhances reputation, especially in the global south.

Role	Operational Impact	SME Impact
Capacity Building & Advisory Support – Deploy technical-assistance teams and e-learning on business planning, ESG reporting – Train relationship managers on de-risking tools	Enhance SME credit quality, lowering default rates and supporting long-term client relationships while upskilling their own staff for climate-smart lending.	SMEs produce stronger, bankable proposals and meet ESG standards—boosting approval rates, reducing time-to-finance and building confidence to scale green initiatives.
Ecosystem Engagement & Policy Advocacy – Advocate for green taxonomies, streamlined reporting and incentives – Convene multi-stakeholder platforms with regulators, DFIs	Shape the regulatory framework, harmonizing standards and unlocking policy incentives that make SME climate lending more attractive and less risky.	SMEs benefit from clearer rules, access to subsidies or tax breaks, easier compliance obligations and local-currency facilities—further lowering financing barriers.
Measurement, Disclosure & Continuous Improvement – Implement SME-specific climate-impact metrics (e.g., tCO_2e avoided per loan) – Publish annual progress reports	Drive transparency and accountability, attracting patient capital and refining product offerings based on data-driven insights.	SMEs build a track record of verified impact, strengthening relationships with lenders and investors, and unlocking successive rounds of growth capital.

To scale climate finance for SMEs, commercial financiers face certain barriers in delivering their strategic role

Barriers to Scaling Finance

Disproportionate transaction costs – small-ticket loans incur due diligence, legal and monitoring fees that are a far higher percentage of loan value than for large corporate deals.

Limited product & blended-finance tools – few dedicated green-loan lines, sustainability-linked products or standardized blended-finance stacks exist at typical SME ticket sizes.

Regulatory & capital-charge barriers – prudential rules and risk weights don't distinguish green-SME exposures, making sustainable loans relatively more expensive on bank balance sheets.

High perceived credit risk – SMEs often lack credit histories, audited financials and sufficient collateral, driving banks to assume elevated default rates and hold larger capital buffers.

Internal capacity constraints – credit officers and risk teams frequently lack training in climate risk assessment, de-risking instruments and SME advisory best practices.

Underdeveloped SME pipeline – most SMEs cannot prepare bankable, climate-aligned business plans without technical assistance, leaving few ready-to-finance projects.

Data & impact-metric gaps – inconsistent or scarce SME sustainability data and absence of standardized KPIs (e.g., tCO_2e saved) slow down appraisal and undermine lender confidence.

Scarcity of concessional capital – insufficient first-loss guarantees and subsidized tranches limit banks' ability to de-risk portfolios and crowd in private co-lenders.

Currency & maturity mismatches – SMEs need long tenor, local-currency loans for climate investments, but banks face FX and duration-risk constraints on their liability profiles.

To scale climate finance for SMEs, commercial financiers should focus on scaling the below actions that will enable them tackle the barriers

Bridging the Gap: Priority Actions

Green the credit

Incorporate climate and ESG criteria into lending decisions and develop tailored green financial products. Sustainability-linked loans or energy-efficiency financing that reward SMEs for reducing emissions, improving resource efficiency, or adopting cleaner technologies

Simplify access

Make sustainable finance more accessible to SMEs. Streamline application processes, reduce paperwork, and offer clear guidance so that even small or early-stage SMEs can access climate-aligned funding with minimal barriers.

Advice for impact

Provide climate-focused financial advisory to SMEs. Train frontline staff and relationship managers to help SMEs understand climate risks, identify green opportunities, and develop bankable transition plans aligned with their business goals.

Track and incentivise

Measure climate impact and reward progress. Track the financed emissions of SME loan portfolios and offer tangible incentives, such as interest rate discounts or fee waivers for SMEs that demonstrate measurable climate performance

Partner for scale

Collaborate to unlock larger climate action ecosystems. Work with governments, industry bodies, NGOs, and innovation hubs to co-create solutions, share risks, and scale up access to technical assistance, grants, or blended finance for SME climate initiatives.

Leadership in Action

Green the credit | Advice for impact

End to End Energy Efficiency (4E) Scheme*

Small Industries Development Bank of India (SIDBI)

Supporting energy-efficiency efforts and RE projects: Concessional financing for Indian SMEs

Problem Statement

- Limited access to financing needed for meeting capital expenditure needs for implementing climate action and energy efficiency projects/efforts
- Prevailing high rates of interest, less-suited to meeting SMEs' financial needs

Actions

As a green loan scheme, 4E supports SMEs with access to concessional loans on favourable terms, for capital expenditure investments to implement energy efficiency measures (E.g. solar panel installation, building insulation)

- Providing concessional loans in Indian Rupees to eligible SMEs, including 100% financing for loans up to ~USD 1.7 million (INR 15 crore)
- Subsidised interest rates and flexible repayment terms offered
- Provision of subsidised technical consultants to support with energy audits and implementation support

Results & Impact

4,400 MSMEs

in over 100 industrial clusters in FY 24, have received funding through the scheme

1.3 blln units

Of electricity savings annually

*(4E) Scheme (Source: SIDBI)

Green the credit | Advice for impact

Green Lines Program

Produbanco

Advancing sustainable growth: Green lending to support Ecuadorian SMEs

Problem Statement

- Limited access to formal financing in the region, especially for women-owned and led SMEs
- Increasing vulnerability to climate impacts and risks in the region, incl. rising sea levels and extreme weather events

Actions

As a green loan program, part of the bank's Sustainable Portfolio, provides loans to SMEs across thematic areas of sustainability - energy efficiency, sustainable agriculture, and water efficiency initiatives

- Providing loans to eligible SMEs for working capital and capital expenditure needs to promote green, sustainable practices
- Beyond financing: Provision of technical assistance/support to eligible SMEs with tools like sustainable design advisory and consulting services (E.g. Carbon footprint calculation)

Results & Impact

Supporting SMEs achieve their sustainability goals through targeted financial and capacity-building support - driving change, and promoting resilience

1,162 loans

Provided under the Green Lines program as per 2025 estimates, with 417 million outstanding

*Green Lines Program (Source: Produbanco)

Simplify access

'From Burden to Benefit' - Streamlining SME data sharing to unlock green finance & economic incentives

Banker for Net Zero (B4NZ)

B4NZ and the Broadway Initiative convened the SME Sustainability Data Taskforce and developed the UK SME Voluntary Emissions Standard

Problem Statement: According to the OECD, 80% of lenders globally say they can't get the sustainability data they need from SMEs . At the same time, many SMEs miss out on affordable finance and incentives because they don't have the right data to demonstrate their impact. The issue is not that SMEs are unwilling to disclose – the current approaches are fragmented, duplicative, and burdensome. This makes it harder for banks to manage risk, and harder for SMEs to access the benefits of being part of a low-carbon economy.

Actions: Through a series of consultations, the task force developed the UK Voluntary Emissions Standard - a practical, credible, and scalable approach designed to make data sharing simple, consistent and SME-friendly. The Standard is about creating consensus on what is appropriate to ask of SMEs in supply chains and portfolios. It provides a streamlined and standardised ask that works for SMEs while meeting the needs of banks, investors, and corporates.

Results & Impact

1. Enabling data sharing into a route for SMEs to unlock green finance, incentives, and market opportunities.
2. Helping lenders accurately assess risk and design better products for SMEs.
3. Enhancing consistency and comparability through reduces reliance on one-off data requests, saving time and resources for both SMEs and their financiers

*From Burden to Benefit (Source: B4NZ)

Green the credit

Advice for impact

Amazon Food & Forest Fund

Impact Bank

Unlocking credit for sustainable socio bioeconomy growth in the Amazon: a blended finance credit facility to mobilize capital and strength forest-base SMEs and value chains

Problem Statement

- Amazonian SMEs and cooperatives face scarce access to affordable capital and lack market linkages, limiting their growth and sustainable practices.
- High cost of credit (>20 % p.a.) and complex logistics hinder investment in value-chain improvements and conservation outcomes.

Actions: A blended-finance facility with a concessional tranche (6–8 % p.a.) and a commercial tranche, coupled with tailored technical assistance and access to offtakers and carbon markets.

- Pipeline curation & due diligence: Identify IPLC-led associations, conduct financial and ESG screening.
- Tiered financing structure: Disburse loans alongside commercial credit lines;
- Capacity building & market linkages: Deliver training in financial management, support certification processes, and connect SMEs to offtakers

Results & Impact

Pilot Phase: Mobilized BRL 9 M in credit to 34 SMEs; 0 % default; supported 25 value chains.

Market Phase (Expected): 4,369,311 tCO_2e avoided; 4,793,348 ha of Biodiversity Hubs; +300 local SMEs strengthened; 13,481 families impacted; 25 % increase in women's involvement; 136 % revenue increase for families; 191 % revenue increase for local SMEs

Partner for scale | Track and incentivise

Solfium Solar Marketplace

Solfium

App-driven quotes, installer matchmaking and tailored financing for SME solar projects across Latin America.

Problem Statement

- Solar accounts for just 3–4 % of total electricity generation in Latin America and the Caribbean, versus nearly 50 % in Europe.
- High upfront costs, fragmented supply chains and lack of financing products deter SMEs from investing in on-site renewable installations.

Actions

Fully managed solar marketplace: Through its mobile app, Solfium offers instant quotes, connects SMEs with certified installers, and provides tailored financing options (e.g., installment plans, lease-to-own) to de-risk investment decisions.

- Onboard via app: energy audit + credit profile in minutes.
- Match SMEs with lenders and installers; structure custom repayment plans.
- Monitoring & Reporting: Real-time system performance dashboard + emissions reduction reporting (Scope 2 & 3).

Results & Impact

2x revenue growth

In 2024, driven by SME and corporate clients

Partnerships with Scotiabank and deployments for Santander, Michelin and Coca-Cola.

Partner for scale

Advice for impact

Accelerator in support of the Earthshot Prize*

Ninety One in partnership National Business Initiative and Green Cape, South Africa

Through capacity building, financial and networking support, the Accelerator aims to help solutions, become investment-ready and better positioned to scale globally

Problem Statement

- Early stage innovative green solutions often face challenges in accessing the right networks and global reach
- Technical and financial support is often one-off and dries up as the businesses are getting ready to scale

Actions

The Accelerator aims to support early stage climate innovation in South Africa, to strengthen the ecosystem and ultimately showcase the pipeline of commercially viable solutions that are delivering positive environmental and social impact.

- The Accelerator will work with partners to deliver a 9-month programme to up to 30 innovators between 2025 and 2030
- The estimated total value of support, including direct funding and in-kind programmatic contribution, is $2.5m over the 6-year period.

Results & Impact

2025 is the pilot year of the Ninety One Accelerator in support of the Earthshot Prize.

>USD 390,000

Collective sum of funding (concessional loans and grants) provided to 3 solutions since May 2025

The solutions were also provided with GEDSI, PR, marketing and comms support

Two of the solutions were funded to attend the London Climate Action week

*Accelerator in support of the Earthshot Prize (Source: Ninety One)

Simplify access

“

If we want to unlock the gates of green finance for SMEs, we have to make data work for them, not against them. The UK SME Voluntary Emissions Standard does exactly that, it creates a simple, consistent, and practical way for SMEs to share the data they already hold in a format that lenders can use. By turning fragmented disclosure into a standardised and streamlined approach, we open the door for SMEs to access affordable capital, incentives, and new market opportunities. This is about moving from burden to benefit, ensuring that data sharing is no longer a barrier, but a bridge to finance at scale.”

Hannah Cool

COO, B4NZ & C-chair of the SME Sustainability Data Taskforce

Green the credit | Advice for impact

“

Amazon Food & Forest unlocks affordable credit for SMEs in the Amazon, combining finance with technical support to drive sustainable growth and impact.”

Gabriel Ribenboim

Co-founder & CEO, Impact Bank

Partner for scale | Advice for impact

“

New climate innovations need more early and mid-stage technical and financial support to scale up.   Africa needs to support entrepreneurs with sustainable, scalable solutions that can support growth and improve the outcomes for the climate and the continent’s people. With the Accelerator, we at Ninety One hope to make a meaningful contribution to sustainable growth.”

Hendrik du Toit

Founder & CEO, Ninety One

Additional Resources

Compilation of guiding materials that are related to MSME financing by commercial financiers for effective climate action and may be considered for design and execution of MSME financing programs

The University of Cambridge Institute for Sustainability Leadership
Bank Action Guide - towards a just transition for small-medium enterprises

Click to access full report

A blueprint for actionable steps banks can take to support acutely vulnerable SMEs.
There is a 3 phased approach for banks in this journey

Organisation for Economic Co-operation and Development (OECD)
Financing SMEs for sustainability – Financial institution strategies and approaches

Click to access full report

The report offers insights into the strategies, challenges, and the types of financial and non-financial support financial institutions provide to SMEs for sustainability

This report aims to understand how public and private financial institutions are currently integrating and planning to integrate climate considerations for supporting SMEs.

Find out more at

climatechampions.net/campaigns/climate-proofing-smes/