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Promoting ESG Awareness
+ Risk Literacy in SMEs

Module 06

SUSTAINABLE FINANCING & FUNDING OPTIONS FOR SME

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Agenda Module 6

01 Definition and essentiality

02 Types of Instruments

03 Preparation of SMEs to accessing sustainable funding

04 Bariers

05 Case studies

06 Country-specific templates

The definition of Sustainable Financing?

The term Sustainable finance refers to the consideration of ESG issues, i.e. environmental, social and governance issues, in decision-making by financial institutions – banks, investment and pension funds, and insurance companies.

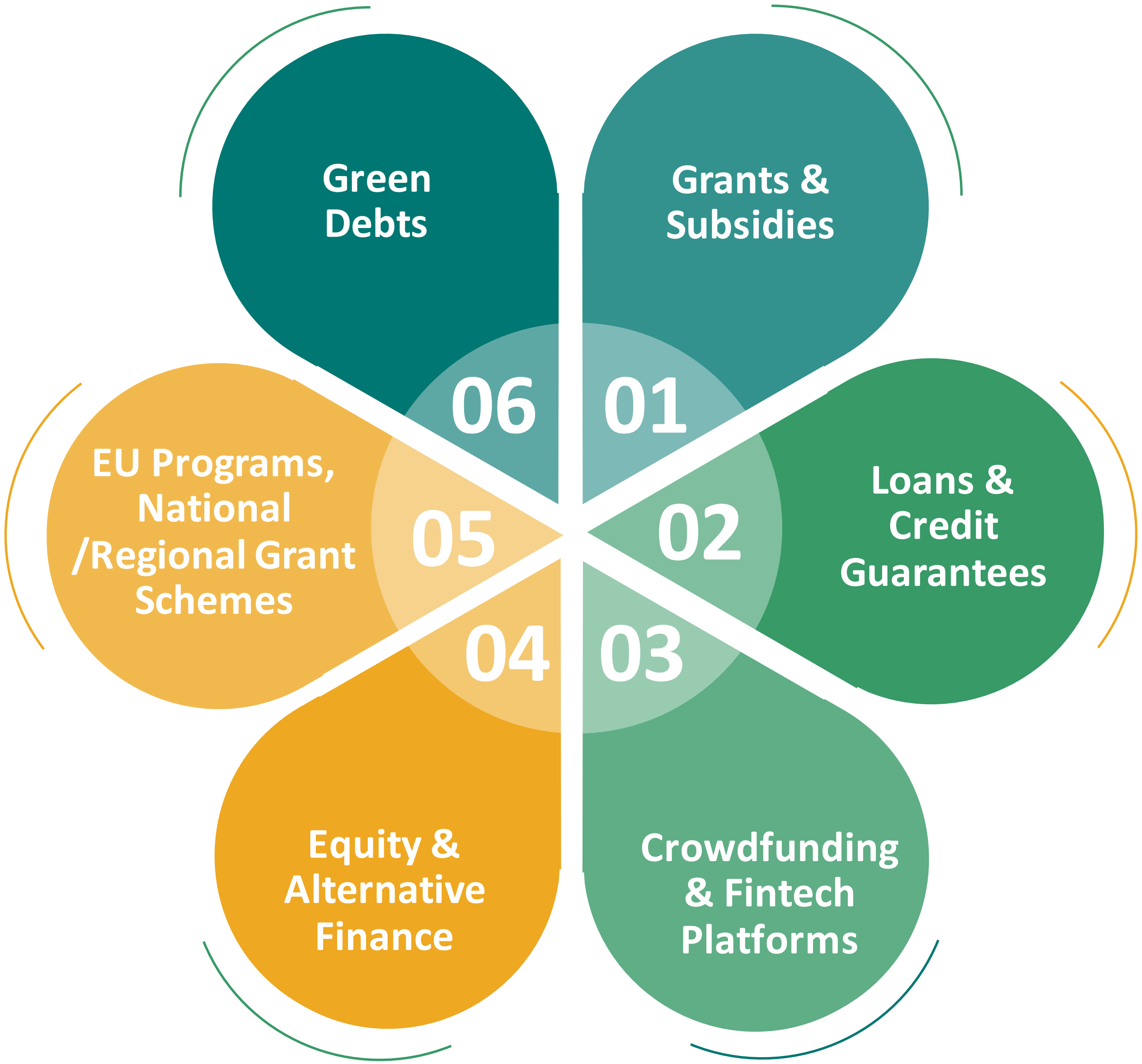
Sustainable finance is one of the key elements of the European Green Deal, a strategy aimed at transforming the European Union into a climate-neutral, climate-resilient, resource-efficient, competitive and fair economy by 2050.

This type of financing considers long-term sustainability rather than short-term returns.

Why it's essential for SMEs?

- In the context of new regulations such as the EU Taxonomy and the CSRD Directive, as well as growing social expectations, sustainable financing is becoming a key factor influencing the future of SMEs.
- ESG compliance becomes a **business requirement**, not an option (e.g., for supply chains or export markets).
- Investors give better terms to companies with strong ESG performance.
- Sustainability reporting (e.g., under EU's CSRD directive) is gradually becoming mandatory for more companies and influences financing eligibility and cost.
- Sustainable investments can **reduce operational costs**, e.g., through energy efficiency or resource savings.

Types of sustainable financing instruments for SMEs?



How to Prepare SMEs to Access Sustainable Funding?

ESG Self-Assessment

- Mapping internal process against ESG criteria
- Identify risks and improvement areas (polices, Energy consuption, waste)
- Setting KPI targets (i.e. Energy saving etc)

Creating Business Plan

- Define goals, vision, mission and values
- Describe sustainable practices and strategies
- Set up KPI targets (i.e. Energy saving
- Choose milestones and metrics (KPIs)
- List required resources
- Define barriers
- Secure financing
- Test run by one or two trusted peers or mentors who've successfully adopted sustainable practices or hire a business sustainability consultant to get expert feedback

Sustainability Reporting

- Currently voluntary, but growing market pressure and contractor requirements make it worthwhile to prepare for it.
- Familiarisation with the ESG concept
- Identification which ESG elements are the most relevant for the company
- Collection of measurable and accurate data
- Choosing a reporting standard. Currently there are number simplified standard dedicated to SMEs, which facilitates the preparation of the report.

Matching the Right Instrument

Companies need to map:

- Their sustainability maturity level,
- Scale and type of investment needed,
- What programs best fit their situation.

Common Barriers and How to Overcome Them

Barriers

1. Complex eligibility and application processes
2. Need for high-quality sustainability reporting
3. Lack of internal ESG expertise
4. Time and resource constraints

Solution

1. Use EU and national advisory services.
2. Break down projects into phased sustainability improvements
3. Engage external consultants for application preparation
4. Collaborate with business networks that share knowledge on funding

Key Takeaways for SMEs

01 Access to EU advisory tools and local support boosts success rate

02 Sustainable financing can significantly reduce financing cost and support growth.

03 EU instruments like InvestEU, EIB & national partners create diverse opportunities.

04 Preparation (ESG assessment + strong documentation) is crucial

05 Time and resource constraints

06 Combining public and private finance often yields the best results.

Country-Specific Funding Options (for Partners)

General Country Information

Country Name: ....

Target SME Types: micro / small / medium ....

Main Sectors Covered by ESG Programs: ....

1. Public Institutions Supporting ESG

Institution	Instrument / Program	Purpose / ESG Focus	SME Size	Requirements / Notes	Practical examples

Country-Specific Funding Options (for Partners)

2. Commercial Banks / Private Financial Instruments

Bank / Institution	Financial Product	Purpose / ESG Focus	Requirements / Notes	Practical Example

3. National Programs Supporting Innovation and ESG Transformation

Program	Fund	Type of Instrument	Purpose	ESG Focus	Requirements	Project Example

Country-Specific Funding Options (for Partners)

4. EU Programs Supporting Innovation and ESG Transformation on National Level

Program	Fund	Type of Instrument	Purpose	ESG Focus	Requirements	Project Example

5. Common Barriers and Recommendations for SMEs

....

....

6. Additional Information

Websites of institutions / programs: ....

Contact information for SME support points: ....

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