Finance for a Green Economy

Getting a stake in the transition

Why finance is key

Understanding finance is essential for all aspects of the green economy transition – financing is needed to support new sectors, build new infrastructure, retrain workers, and fill funding gaps in the global south so that climate targets can be reached fairly. But new funds aren't enough alone to ensure that the green economy takes off - new mechanisms and institutions to channel funds to the poorest are just as important. The public and private sector each have a key role to play in providing capital – including in partnership where 'blended' finance can help de-risk investments and get money where it matters

Stabilize – Re-direct - Democratize

Ultimately, we need a new global and local financial architecture. Finance for a green economy isn't just about new pots of money, it means fundamental reform with new systems and incentives for all kinds of financial actors. We need a finance system that is stable, set up to respond to environmental systemic risk, and can translate warnings into actionable intelligence for investors – stop investing in brown, start investing in green. And soon. As long as the finance system is geared to short-termism, its contribution to the green economy will only be partial. Immediate profit will come at the expense of sustainable investments, and fossil fuel majors will be bumper stocks right up until they become victims of stranded assets. We need to push governments to hold financial actors to account and create prudent regulations so that finance is not a master but a servant of society's long-term needs.

It's certainly not easy - just as finance itself is remote from people's everyday lives, financial reform can seem complex and disconnected from the issues that matter to people. Broadening the coalition of organizations campaigning to Change Finance – demanding ambitious financial reform – and ensuring it builds wide-audience support is key. Another part of the solution must be giving people the chance to get a stake in the new economy – by making financial products suitable for the green entrepreneurs and consumers who already want to be a part of the transition. It also means giving people a stake in defining what their true 'best interests' are – clarifying the real fiduciary implications for banks to act sustainably our behalf when they invest our hard-earned savings and pensions. Without both new *financing* and new *finance reform*, the green economy transition risks arriving too late to make a difference.

What is already being done?

Governments, banks and businesses are increasingly aware of the importance of sustainable finance reform for the success of the green economy. The 2019 PAGE Ministerial gives recognition to this agenda by considering a wide range of issues under finance – a broader scope than for other themes.

<u>Finance issues at the 2019 PAGE Ministerial:</u>

- Parallel Panel – 'Enabling environments for sustainable finance'
- Parallel Panel – 'Growth in sustainable banking, insurance and investment'
- Keynote & Panel – 'Unlocking finance for sustainability'
- Parallel Panel – 'Finance and investment for sustainable consumption and production - circular economy'
- Parallel Panel – 'Partnerships for financing a resilient, sustainable economy'

Around the world, there are emerging international, business and civil society initiatives taking on the finance transition. The UNEP Finance Inquiry (UNEP FI) has led work to define the shape of a new financial system to deliver the green economy, and also to strengthen links with the finance industry. Finance Watch – the civil society counterpoint to finance sector – is framing the broader finance reform agenda and pushing for alternatives to unsustainable business as usual. Meanwhile, the financing challenge is largely focused on securing climate finance that can deliver the Paris Agreement and support the SDGs. Multilateral funds set up to distribute finance – such as the Green Climate Fund – have faced difficulties in securing additional funds and agreeing on worthy projects to support. Private finance is beginning to step up their offerings – including green bond issuance - but alignment is needed with action by national governments to ensure oversight keeps pace with innovation.

What's missing? – Voices from the ground
What would a finance system fit for the green economy transition really look like? Here we explore perspectives from experts, businesses, and civil society groups around the world.

1. Finance that is safely serving society (Finance Watch)[i]
   For finance to work for everyone we need new policies, norms and institutions – but above all it needs a clear purpose. A finance system that thinks of itself as mechanically allocating capital, while lobbying and shaping societies choices is part of the problem. Legislation and macroprudential policy must ensure that financial actors of all kinds are put in service of their societies interests, broadly defined to include the environmental and social implications of their actions. And above all, banks and financial actors should act safely and to minimise systemic financial risks that result from their business models.
2. Money where it matters (IIED)[ii]
   Crucial for supporting the green economy around the world is securing funds to deliver the Paris Agreement and the Sustainable Development Goals. With the funding gap for the SDGs alone estimated at $2.5 trillion per annum it is essential that alternatives to traditional financing are explored. Putting money where it matters – directly in the hands of local governments, community organisations, NGOs, micro-enterprises – is a way of using decentralised financing to avoid upstream barriers faced by larger funds, while also leveraging local knowledge to improve impact.
3. Investment transparency – green savings & divestment (GEC)
   Small or large, all around the world people have savings pots, investments and pensions that they want to be held securely – but also sustainably. People increasingly want to divest and opt-out of funding brown investments, but don't yet know how. Stronger investment transparency and sustainability regulations are important for providing comparable standards and clarity on the true environmental impact of their savings.
4. Innovative stress testing (GEC)
   Since the global financial crisis, financial stress testing of banks by monetary authorities has become an increasingly common macroprudential practice. But why should stress testing be focused on financial considerations alone? Environmental and ethical stress testing are emerging as a way of checking the exposure of banks' and other financial actors' balance sheets to environmentally destructive and socially damaging investments.
5. Brown penalising factor (Finance Watch)[iii]
   EU policymakers, including the High level Expert Group on Sustainable Finance, have considered adding a 'green supporting factor' to risk weights of sustainable loans, making more appealing for banks to hold them. This approach is modelled on the 'SME supporting factor' already adopted – but just the same offers the risk of increased leverage and stability, with unclear returns. An alternative that offers less risk and more impact is a 'brown penalising factor' that does the opposite, making it harder for banks to hold and leverage brown loans.

Policy Headlines
Preparing the ground for the PAGE Ministerial:

- ✓ ***What policies can ensure that the finance system is fit for the green transition – and funds it?***
- ✓ ***How can the system be shaped so it helps people get a stake in the transition?***
- ✓ ***What does this mean for PAGE – what should ministers prioritise on finance?***

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[i] https://www.changefinance.org/solutions/
[ii] https://www.iied.org/money-where-it-matters-local-finance-implement-sustainable-development-goals-paris-agreement
[iii] https://www.finance-watch.org/a-green-supporting-factor-would-weaken-banks-and-do-little-for-the-environment/

Natural capital and strategies for a Green Economy

Getting a stake in the transition

New transition strategies are needed

The movement towards greener economies is ramping up around the world, with governments propelled by science, their citizens, and international agreements to adopt new policies and strategies. Pressure to meet international commitments and targets grows from all corners of society, but there is no one approach or strategy that will work - we need many innovative strategies to reshape the economy in ways that give people a stake and recognise the value of nature.

Recognition that preserving the health of the natural world and its ecosystems provides us with an invaluable tool for achieving the Sustainable Development Goals (SDGs) and the limiting of global temperature rises to below 1.5 degrees is also growing. Key to this shift in thinking is the need to view nature, society and the economy as interconnected parts within a single indivisible system. Similarly, in order to achieve success, different initiatives and movements must also understand how they connect and can support and amplify one other's efforts.

In this context we are seeing the linking up of the Green Economy and Natural Capital movements, and understanding that a natural capital approach can be a vital strategy for delivering greener economies. At the heart of a natural capital approach is the understanding that nature underpins human health, wealth, culture, identity and happiness, and that the ways in which it does so can be complex and little understood. A natural capital approach works to illuminate this value, and enables decision makers to understand the complex ways in which societies and economies depend on the nature.

More recently, there has been an international push, lead most notably by the UN and the World Bank, to move 'beyond GDP' - a country's income - to account for the true wealth of a country. A country's wealth is broadly categorised as the collective value of its economic wealth and income (financial capital), its natural resources and the services that flow form them (natural capital and ecosystem services), its material goods and infrastructure (produced capital), and its educated, skilled and knowledgeable workforce, coupled with its societal networks and relationships (human and social capital), alongside net foreign assets.

A 'capitals approach' builds on these insights can enable decision makers to take action with an understanding of the complex and dynamic ways in which these different capitals and natural, social and economic systems interact, impact, and depend upon one another. The understanding that comes with a 'capitals approach' should be guiding and informing the public and private sectors in their strategies to develop effective green economy policies that will catalyse new industries, reduce waste, create green jobs, reduce inequality and protect the natural world.

What is already being done?

Governments recognise that new approaches to greening the economy are needed, but natural capital is not yet fully mainstreamed into finance ministries or national accounts. Certain countries around the world – such as Australia, Costa Rica, Netherlands, New Zealand, Uganda and the UK– are leading the way, with aims to have 100 countries around the world compiling natural capital accounts by 2020. The use of a natural capital approaches within business is growing fast since the Natural Capital Coalition, an international collaboration of the world's leading organizations, launched harmonized internationally accepted guidance in 2016 – the Natural Capital Protocol[i]. The Protocol provides a framework for businesses to identify, measure and value their direct and indirect impacts and dependencies on natural capital in order to inform decision making.

At the 2019 PAGE Ministerial, the framing of green economy strategies at the macro-level places natural capital as one cross-cutting framework that can support the green economy, helping to improve governance and add clarity to specific sectoral policies. The parallel panel 'Mainstreaming natural capital in policies and strategies' will emphasise these aspects, but the GEC sees more scope for identifying specific policies and strategies that are deserving of attention.

What's missing? – Voices from the ground

Which green economy strategies and natural capital approaches still need to be considered? Here we explore perspectives from experts, businesses, and civil society groups around the world.

1. Create co-ordinated Green Economy action plans (GEC)
National governments are faced with implementing a range of international commitments and domestic policy to deliver a green economy – including Paris Agreement National Determined Contributions (NDCs), the Sustainable Development Goals, and various pieces of national and sub-national legislation. Creation of policy coordination instrument, such as green economy action plans, and an empowered monitoring body, to coordinate and align different strategies can be an effective approach to improve implementation.
2. Explore stronger green industrial policy (DIE/PAGE)[ii]
There is an increasing need for governments to make more specific interventions to sectoral priorities so that new green industries can be incubated, and sustainable innovators supported. Green industrial policy can be an effective tool to drive investment without picking winners in ways that undermine competitiveness.
3. Mainstream natural capital approaches & wealth accounts into policy (INET/GEC)[iii]
Tools, such as the UN System of Environmental-Economic Accounting (SEEA) and wealth accounting offer governments the opportunity to better understand their financial, social and environmental balance sheets – allowing smarter long term decision-making. Governments needs to understand how the relationship between the economy and nature affects their citizens welfare and then identify which material aspects they should assess to inform their decisions. Statistical agencies can then develop accounts to mainstreaming capitals throughout the economy – including adopting natural and social capital accounting approaches at business levels.
4. Establish Natural Capital Committees (INET/GEC)[iv]
Poor performance at measuring and conserving natural capital means that new institutions to supervise and report on natural systems – and their economic implications – are needed. Natural Capital Committees which report directly to Finance Ministries could complement and support a public, private and civil dialogue to better incorporate natural capital into economic decision making.
5. Create an enabling environment for private sector natural capital approaches (NCC)[v]
Corporate actors and their supply chains have huge impact on natural capital preservation. The framework provided by the Natural Capital Protocol is essential for helping businesses assess their impacts and dependencies on nature and recognise the value of robust natural capital accounts. Promoting the use of the Protocol directly to business will help them make better decisions, and also allow unified public-private action to better conserve natural capital.
6. New strategies that integrate management & valuation of freshwater resources (ACODE)
Communities around the world are facing ever increasing water stresses, and the potential of looming 'day zeros'. New valuation approaches are needed to help public authorities recognise the value in maintaining aquifers and freshwater sources. Better enforcement of laws that manage extraction can help, but policy solutions which work with communities to reduce dependency on critical water resources and provide alternative livelihoods are essential.

Policy Headlines
Preparing the ground for the PAGE Ministerial:

- ✓ ***Which natural capital approaches and strategies are most important for delivering greener economies?***
- ✓ ***How do these strategies ensure people get a stake in the transition?***
- ✓ ***What does this mean for PAGE – what strategies should ministers be prioritising?***

Links and Further Reading

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[i] https://naturalcapitalcoalition.org/natural-capital-protocol/
[ii] http://www.un-page.org/files/public/green_industrial_policy_book_aw_web.pdf
[iii] https://www.greeneconomycoalition.org/assets/reports/webWealthofNature.pdf
[iv] https://www.greeneconomycoalition.org/assets/reports/webWealthofNature.pdf
[v] https://naturalcapitalcoalition.org/natural-capital-protocol/

Delivering Inclusion in a Green Economy

Getting a stake in the transition

Why inclusivity matters

Building a new, green economy isn't easy - the transition takes time, effort and commitment from all parts of society. The only way to mobilise societies to reform themselves over years is if green economies are also inclusive economies that work for and are shaped by all kinds of people. Poor people, marginalised people and those who are well-off; progressive people, traditional people, urbanites and rural dwellers – the old and the young, men and women, workers and businesses, large and small.

The conventional economy is not only environmentally unsustainable. It also excludes, disenfranchises and short-changes very large population groups around the world: hundreds of millions struggling to make ends meet in informal jobs and businesses, almost a billion workers in agriculture whose livelihoods are under massive threat from climate change and deteriorating ecosystems, even more people with no access to clean energy.

Moreover, there are hundreds of millions in urban areas in unsustainable housing and spending a large share of their income on commuting because they have no access to green public transportation. And then there are those who fear that a green economy will harm their interests and take away their jobs and livelihoods. A green economy that doesn't take account of the ambitions of the small-scale farmer, the needs of the concerned coal miner, or the role of the informal waste-picker will not be a success.

The green economy can overcome many of the shortcomings of the conventional development model. It can produce hundreds of millions of winners and be fair to those who may lose as well. To get there, the green transition requires far-reaching changes: to restructure markets and financial flows, productive and social infrastructure, energy and food systems, production and consumption with new priorities. Prosperity for all within one planet limits is a long journey peoples and countries must take together.

If economic reform is difficult and will take time, we need to make sure political will is strong, broad and sustained. Critical mass for policy change will only exist, if people see the stake they have in the outcomes and in the process that shapes the green economy. This transformation requires tangible inclusive goals and outcomes as well as an inclusive process where people can voice their aspirations and needs as well as their apprehensions and fears and help shape the policies that will improve their lives.

There are many examples where the sustainable solution is also fairer, more equal, and more inclusive. Enterprise flourishes in more stable and equal societies, and excesses of consumerism are more easily checked when impacts are closer to home and wealth is less concentrated. Enterprises become cleaner and more productive when workers are able to shape business priorities, help change production processes and get fair rewards. Citizens are more trusting when governance institutions are consultative and transparent.

It will take everybody to change almost everything. An inclusive green economy that respects peoples' rights and responds to their aspirations can build the initiative to get the transition underway and earn the legitimacy to make it stick.

What is already being done?

Inclusive approaches to 'green growth' are increasingly being explored around the world: OECD countries have adopted national green growth strategies, but many struggle with implementation and transition issues. the Economics of Ecosystems and Biodiversity (TEEB) has made the close links between poverty and ecosystems more visible, the Climate Change Convention (UNFCCC) has initiated a workstream on just transitions to a green economy. Development banks have put on large new funding lines. The Global Green Growth Institute is advising 26 governments on how to achieve their commitments under the Paris Agreement and the Partnership for Action on Green Economy is supporting 12 countries on 3 continents. The GEC also is convening green economy dialogue hubs in 7 countries around the world, bringing a civil society perspective and movement for

Unfortunately, the importance of fair outcomes and even more of fair policy processes - is still under appreciated. Inclusion is about involvement and impact, but it can be easier to focus on just one or the other. Many governments are aware of the need to engage marginalised groups in shaping greener policies, but are reluctant to open up policymaking processes.

Civil society groups have a growing role to play as mediators who can connect in excluded groups – such as women and girls, indigenous groups, smallholder farmers, informal workers and SMEs– and as a source of essential knowledge of what works and how policy is applied in practice. To play this role civil society needs to be empowered and capacitated to engage.

The forthcoming 2019 PAGE Ministerial is an opportunity to advance social inclusion and it features prominently on the agenda. The Ministerial will discuss 'what is inclusion?', the role of SMEs in promoting inclusion, and policies to support economic empowerment of women and youth.

What's missing? – Voices from the ground
What would a fully inclusive transition look like in practice? Here we explore perspectives from experts, businesses, and civil society groups around the world.

1. New strategies to mainstream and promote decent, green jobs at scale (ILO)[i]
   Meeting the goals of the Paris Agreement implies the creation of millions of green jobs, offsetting losses in unsustainable sectors multiple times over. Social protection can be a powerful vehicle to advance the shift to a socially inclusive green economy and adaptation to climate change. But the strategies needed to take up these opportunities (determined industrial policy, reskilling/training, social dialogue with impacted stakeholders) are not yet being widely adopted. We need new strategies to convince governments to prioritise green jobs and their prerequisites.
2. Ensure meaningful participation of all civil society groups in policymaking (CAFOD)[ii]
   Designing policy processes from the start to include as many different groups and stakeholders as possible can help increase transparency, accountability, and also improve policy design. Issues of principle and implementation can be raised early enough for adjustment, and groups opposed to policies or at risk of losing out can be engaged directly.
3. Prioritise inequality and poverty eradication (CAFOD)[iii]
   Polices that are green and also pro-poor will mobilise the support of multiple communities and deliver benefits on multiple levels. For instance, green job creation (including informal jobs) and reskilling focused on women can ensure no-one is left behind in the green transition.
4. Explore innovative social policies (GEC/IIED)[iv]
   Countries around the world are starting to pilot innovative approaches to environmental and social protection. These include combined conditional social transfers & payments for ecosystem services, provision of universal basic income/services, and community utility ownership models that create local wealth.
5. Demonstrate that just transitions can be achieved (ITUC)[v]
   Prioritising a just transition both at national level and in the workplace is one way of ensuring that the green economy gives people a stake. A just transition sets the bar high by aiming for a future where all jobs are green and decent, emissions are at net zero, poverty is eradicated, and communities are thriving and resilient.

6. Inclusion as a ministerial priority (GEC)
   Inclusion is increasingly being identified as a governmental priority at ministerial level, by governments around the world. From Peru's Ministry of Development and Social Inclusion, to France's Minister for the Ecological and Inclusive Transition, the importance of pairing a sustainable transition with a fair one is gradually being recognised.

Policy Headlines
Preparing the ground for the PAGE Ministerial:

- ✓ ***What policies and policy processes can ensure that the transition to green economies is as inclusive as possible?***
- ✓ ***How can this help people get a stake in the transition?***
- ✓ ***What does this mean for PAGE – what should ministers prioritise on inclusion?***

Links and Further Reading

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[i] https://www.ilo.org/weso-greening/documents/WESO_Greening_EN_web2.pdf
[ii] https://www.greeneconomycoalition.org/assets/reports/External-Reports/Green-Economy-and-SDGs-CAFOD-March-2017.pdf
[iii] https://www.greeneconomycoalition.org/assets/reports/External-Reports/Green-Economy-and-SDGs-CAFOD-March-2017.pdf
[iv] http://pubs.iied.org/pdfs/16639IIED.pdf
[v] https://www.ituc-csi.org/IMG/pdf/ituc_climate_justice_frontline_briefing_2017.pdf

Small & Informal Business in a Green Economy

Getting a stake in the transition

Why small matters

We believe that smaller businesses hold the key to a fair economic transition - it is the disrupters, the social enterprises, the innovators, and the little guys who can wire social and environmental purpose into their heart of the economy. It is increasingly understood that governments need the direct involvement of the private sector to manage local ecosystems enable local communities, promote resource efficiency create local jobs, empower women and support marginalized communities – in a nutshell: to realise the green economy.

The World Bank[i] has found that private sector is highly characterized by small and medium enterprises (SMEs), particularly in emerging economies where formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP). The importance of SMEs is even higher when informal SMEs are included. SMEs are crucial to meeting the challenges of adapting to climate change, offering low carbon products and services, meeting the needs of the base of the pyramid and providing employment opportunities.

All around the world SMEs are already providing innovative solutions in response to local social, environmental and economic challenges. Individually they are driving the inclusive green economy forward in their communities and in their countries. Such efforts create a lasting collective impact for marginalised communities – bringing the opportunity to get a stake in the emerging sustainable economy.

Still too often such SMEs are unseen champions which, while actively shaping green economy on the ground, need support to realise their full potential. In addition to challenges such as access to financing or technology and a lack of adequate business management skills, the ecosystem in developing and emerging economies often additionally obstructs business development. The barriers are even more pronounced for social and environmental SMEs as they are pioneering new business models that challenge conventional perceptions of business. Ultimately SMEs – and especially micro, and informal businesses – can't do it alone. They need recognition and enabling policy to help them grow, go green, and empower new innovators and entrepreneurs to solve problems in their local communities.

SMEs have a unique role to play in ensuring a green economy is both prosperous and inclusive. They bring wealth and jobs directly into local communities when they grow. They are the first line of defence for billions around the world when it comes to waste disposal, environmental protection, and disaster recovery. By nature, small businesses are flexible, resilient and responsive - they achieve a leverage effect for green and inclusive growth. But it's up to policymakers to make use of SMEs potential to actively shape the green and inclusive economy, and empower entrepreneurial solutions.

What is already being done?

Global frameworks such as the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs) or the COP21 Paris Agreement are giving increasing attention to the role of private sector and especially SMEs in discussion but also in the implementation. Governments around the world recognise that SMEs matter, but sometimes it can be difficult to provide the right support or make SMEs aware of support that does exist. For informal business, the possibility of formalisation has trade-offs and complexities that individuals and governments alike are reluctant to unpick.

An increasing number of initiatives and projects are aiming to support SMEs that contribute to the green economy transition, for example SWITCH Africa Green (funded by the European Union and implemented by UN Environment together with UNDP and UNOPS). Still the acceleration of SMEs needs to be scaled-up way more to build their outstanding potential. In many places the best that SMEs can hope for are warm words, sometimes regulatory exemptions, and occasionally direct support to go green. We need to go much further by listening to what SMEs are asking for and copying the best practice that is emerging around the world.

SME issues at the 2019 PAGE Ministerial:

- Parallel panel – 'What role do small- and medium-sized enterprises play in promoting inclusion?'
- Parallel panel – 'Greening small- and medium-sized enterprises'

What's missing? – Voices from the ground

What do SMEs still need to empower them to take part in the transition? Here we explore perspectives from experts, businesses, and civil society groups around the world.

1. Strengthening business development capacities (SEED)[ii]
   SMEs often need additional business development support to be efficient contributors to the green economy and become financially stable as they scale up their sustainability ambitions. But each and every SME is different, from its individual internal needs to its contrasting and challenging environments. A tailored and needs-based approach is important to facilitate continuous growth.
2. Give small business visibility and a voice (SEED)[iii]
   SMEs are major players in innovation and job creation, but too many remain unseen champions. The importance of SMEs successfully shaping the green economy in their communities and regions is still underestimated on national and international stages. Frameworks, strategies, policies and implementation mechanisms of the green economy transition need to bridge macro actions at the national level with micro implementation by SMEs on the ground. SMEs should be invited to participate fully in policy development discussions through consultations and multi-stakeholder processes.
3. Partner with SME networks (GreenEcoNet)[iv]
   The diversity of SMEs means that one-size-fits support is rarely effective. Supporting SME networks and engaging in partnership with them is an ideal way to provide bespoke support, while also empowering innovation and sharing of best-practice with local, regional or sectoral peers in a non-competitive environment.
4. Support local green enterprise (Santa Cruz Declaration)[v]
   SMEs of all kinds are important for the green transition, but local green enterprises which are creating sustainable solutions within communities, and retain value in local economies, have a particular role to play. It is crucial that policy and partnerships are responsive to micro and informal green enterprise of this type.
5. Ensure policy coherence at different levels (Green Win)[vi]
   The most impactful policy for SMEs is that which is closest to them - local policy. But SMEs do need the certainty and clarity that comes from aligning local policy with national policies and international frameworks - such as the SDGs.
6. Support creation of markets & access (Green Win)[vii]
   Policies that recognise simple green practices, sector-specific certification, or eco-labelling can create new market opportunities for innovative SMEs and help reward SMEs that are already green.
7. Provide a simple legal form for social enterprise (GEC)
   Social enterprise bridges the gap between business and charity. Creating a simple legal form for social purpose business of all sizes is a straightforward way to provide favourable tax, procurement, and financing environment for entrepreneurs that want to challenge conventional business models and embrace a triple bottom-line.

8. Support informal self-organisation (IIED)[viii]
   An important starting point for informal SMEs in many countries is that they are empowered to self-organise and potentially win group contracts. Governments should be open to procuring green services from informal microbusinesses, which can be a route to formalisation or just recognition.
9. Recognise the importance of small, but many (IIED)
   The average SME alone has little influence on economic transition, but incremental change to empower and green small-scale agriculture or local construction/building businesses will have a profound role in shaping economies.
10. Close the 'missing middle' financing gap (SEED)[ix]
    Early stage SMEs face revenues from sales are still too low to cover start-up costs - especially in emerging economies access to private or family capital is low. Microcredit for households and micro-enterprises has increasingly become available in many regions, but SME financing remains rare and they are at risk of failure during the 'missing middle'. The World Bank estimate ~70% of all micro, small and medium-sized enterprises in emerging markets lacking access to credit, so new flexible finance instruments are needed which recognise the social and environmental value that SMEs offer.
11. Simplify and widen assessment of SME impact (SEED)[x]
    Funding bodies and governments are looking increasingly for evidence of impact, which for SMEs shaping the green economy has to include social and environmental benefits. But measuring these benefits as requested requires adequate time and resources – things that especially start-up SMEs are often short of. Additionally, many SMEs' contributions to the green economy are difficult to measure, for example contributions to local biodiversity and food security. SMEs will not be able to assess their contributions to a green economy alone.

Policy Headlines

Preparing the ground for the PAGE Ministerial:

- ✓ ***What policies can ensure that SMEs are empowered to deliver a green economy?***
- ✓ ***How can entrepreneurship help people get a stake in the transition?***
- ✓ ***What does this mean for PAGE – what should ministers prioritise to support green SMEs?***

Links and Further Reading

[i] https://www.worldbank.org/en/topic/smefinance
[ii] https://www.seed.uno/images/documents/1908/a4seedpolicyreport2015finweb.pdf
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[v] https://www.greeneconomycoalition.org/assets/reports/GEC-Reports/The-Santa-Cruz-Declaration-on-Small-Green-Enterprise.pdf
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