



HOW CAN WE FACILITATE DATA AND REPORTING FOR SMEs' GREEN TRANSITION?

Supporting SMEs with Sustainability Information
21 February 2024

Miriam Koreen
Senior Counsellor and Head of SME and Entrepreneurship Financing
OECD Centre for Entrepreneurship, SMEs, Regions, and Cities

 [@OECD_local](https://twitter.com/OECD_local)

 www.linkedin.com/company/oecd-local

 www.oecd.org/cfe



**The OECD supports the global
SME sustainability agenda**



The OECD Committee on SMEs and Entrepreneurship brings together policy makers and stakeholders



Global forum for policy analysis and dialogue

SME and
entrepreneurship
financing

Scale up

SME greening

SME
digitalisation

SME and
entrepreneurial
skills

SMEs and GVCs



Country-level analysis and tailored support

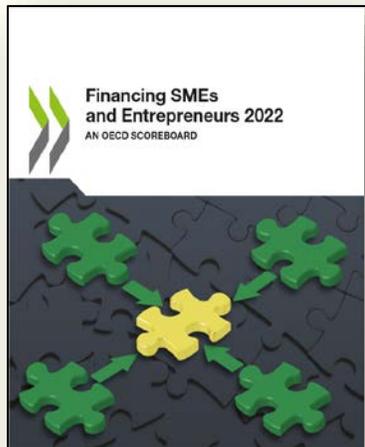
Monitoring and evaluation



OECD work on SME&E financing supports evidence-based policy making

Financing SMEs and Entrepreneurs

Data collection



Thematic work



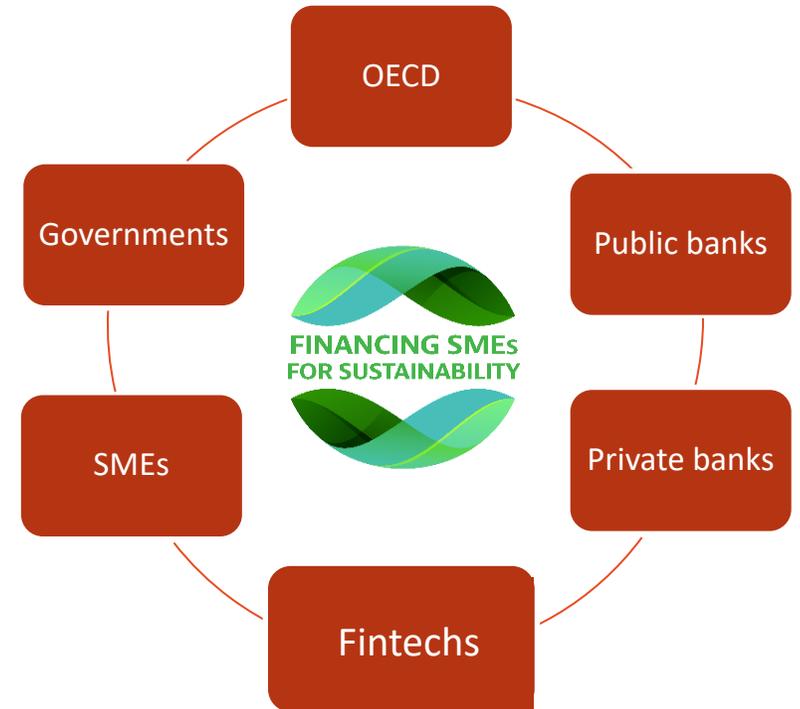
High level guidance/
instruments





OECD Platform on Financing SMEs for Sustainability

- Forum for **dialogue and knowledge sharing**
- Driving **data and analytical work** on financing SMEs for sustainability
- **Linking up** ecosystem actors



Members:



Industrial Bank of Korea



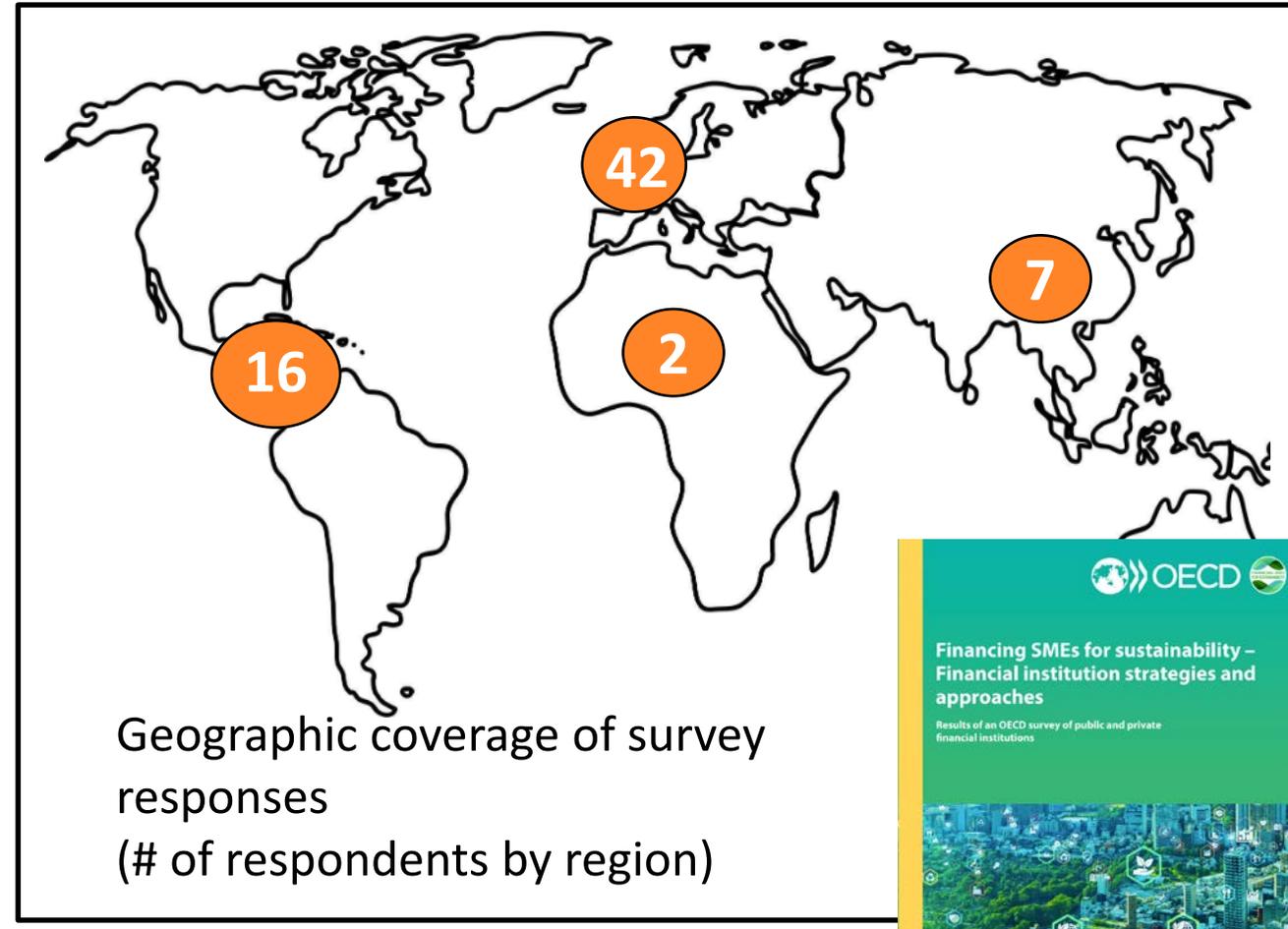
Knowledge partners:





OECD Survey on financial institution strategies and approaches (2023)

- Nearly **70 public development banks and private financial institutions** serving SMEs:
 - 46 private banks
 - 18 institutions with assets > EUR 100 billion
 - 31 institutions with assets EUR 10-100 billion
- Topics covered:
 - **Strategies**, net zero targets, transition plans
 - **Climate integration** in SME operations
 - **Financing instruments** for SME net zero investments
 - **Non-financial support** for SMEs
 - **Data requirements** from SMEs





239,5876

212,4289

216,1483

29,5752

87.69%

Data issues and SMEs' green transition

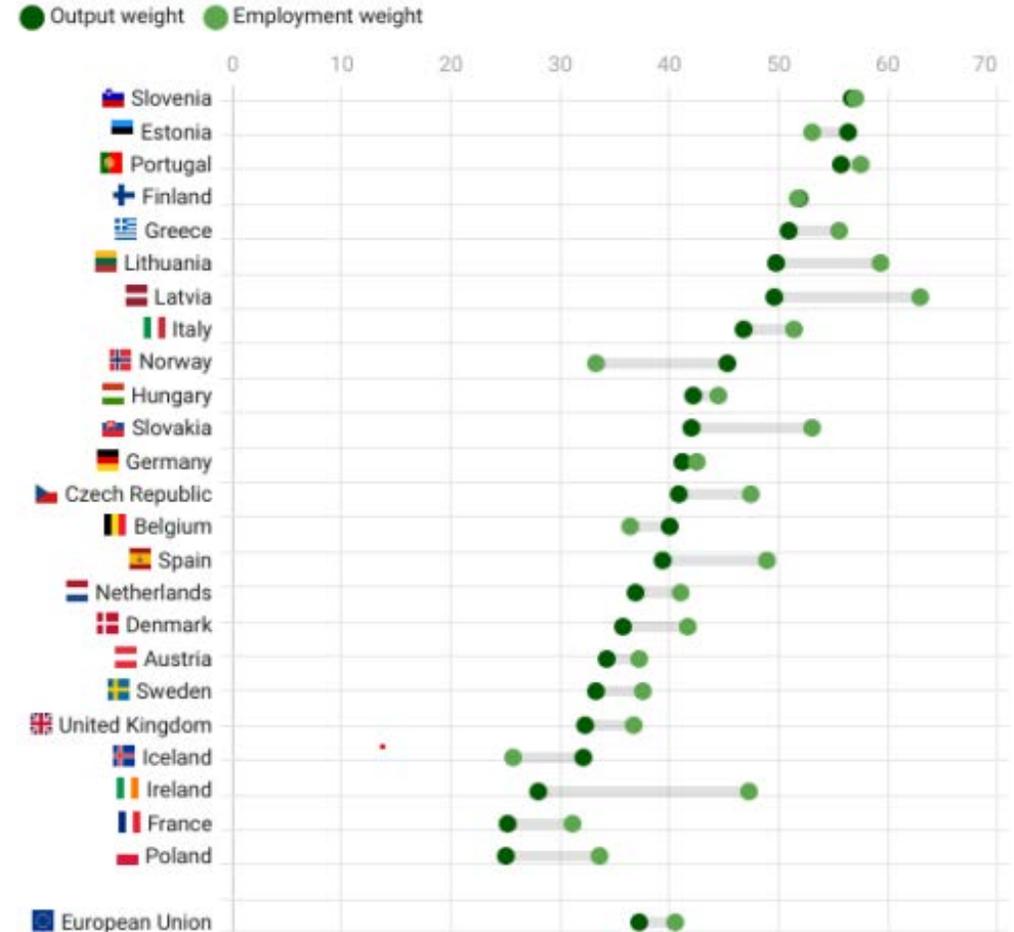


There can be no net zero without SMEs

- There can be **no net-zero without SMEs**:
 - **adopters** of climate-friendly technologies and business models given their high aggregate footprint (OECD estimates SMEs account for around **40% of GHG emissions** of the business sector in Europe)
 - **eco-entrepreneurs and eco-innovators** developing the solutions to the climate crisis
- But more progress is needed to enable SMEs to close the gap on the **net zero transition**. SMEs are impacted by emerging regulation and reporting requirements through two main channels: data demands from **supply chains** and **financial institutions**.

SME share of GHG emissions in the business sector

Percentage of total GHG emissions in the business sector



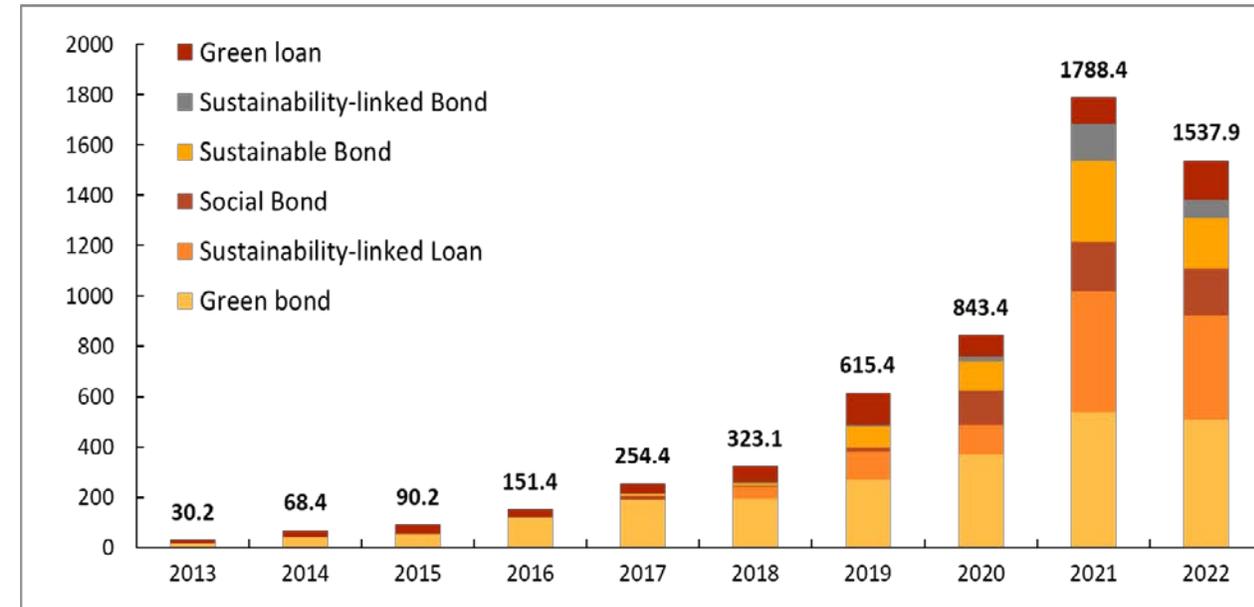
Source: OECD



SMEs have yet to tap into the large pool of sustainable finance

- 48% of SMEs identify the **lack of finance as a key constraint** to climate action
- 70% **need additional funds** to take action or accelerate progress on net zero (source: SME Climate Hub Survey, 2023)

Global issuance of sustainable finance products (volume in USD billion)

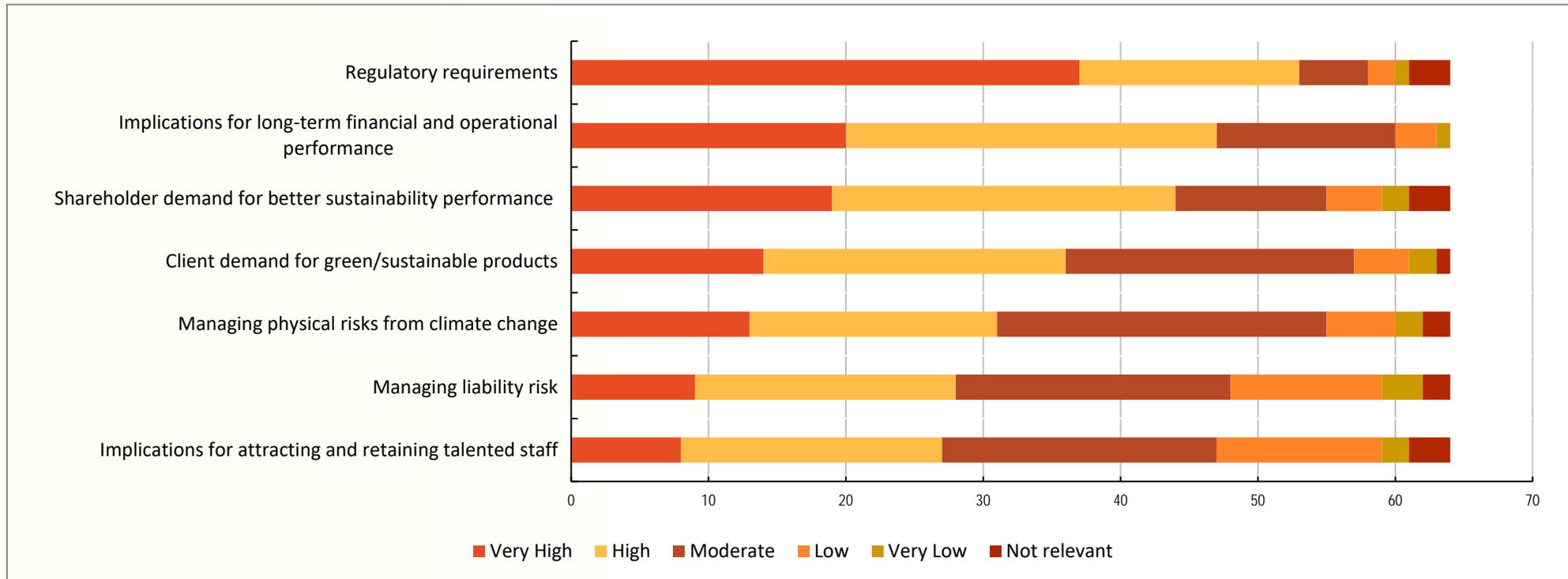


Source: Bloomberg New Energy Finance, ING Research



New regulations, performance and broader stakeholder demand are the main drivers for banks

Please rate the importance of the following factors in driving action on climate/net zero in your institution (% of all respondents)

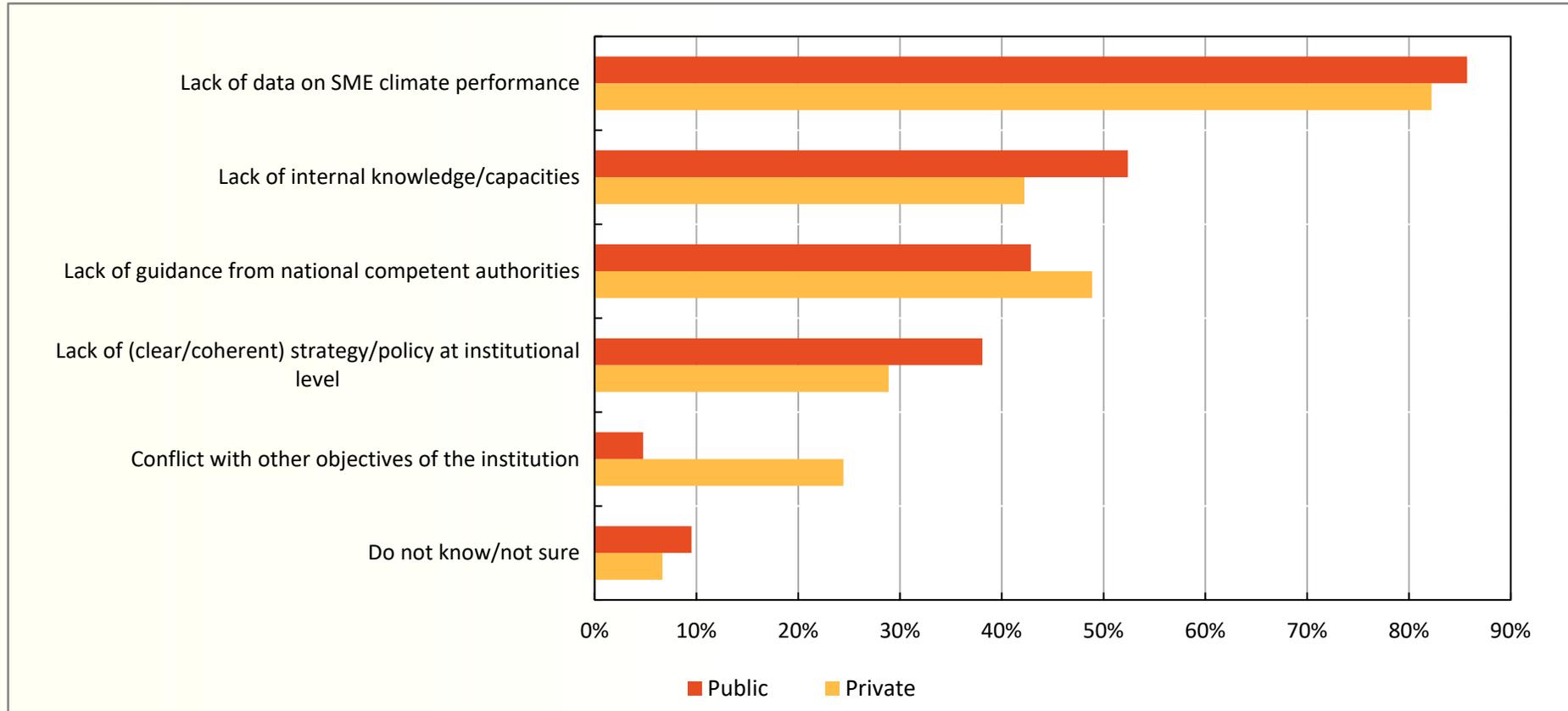


Source: *Financing SMEs for Sustainability - Financial institution strategies and approaches*, 2023.



Data barriers are the largest obstacles for banks

What are the key challenges you face in integrating climate change considerations in financing/investment decisions regarding SME clients? (% of respondents, multiple answers possible)



Source: *Financing SMEs for Sustainability - Financial institution strategies and approaches, 2023.*



Policies and instruments to support SME access to and uptake of sustainable finance

Financing support

Direct financing through traditional or green/sustainability linked instruments

Crowding in private sector support

SME participation in green capital markets

Non-financial support

Technical support for SME greening

Data and information

Sustainable finance ecosystem development

Regulatory Support

Simplification of (voluntary) reporting standards for SMEs

Promotion of interoperability of reporting standards to reduce the reporting burden on SMEs

International/supranational initiatives

Knowledge sharing and policy dialogue across institutions, stakeholders and borders



Initiatives are seeking to streamline standards for SMEs, based on proportionality

EFRAG- ESRS

EFRAG Provides technical advice for adopting **European Sustainability Reporting Standards (ESRS)**

ESRS for listed SMEs (LSME) are mandatory reporting standards for listed SMEs

- Aim to simplify disclosures to reduce undue burdensome reporting for listed SMEs
- These standards are currently under consultation by EFRAG

Voluntary Sustainability Reporting Standards (VSME) for non-listed SMEs are also currently under consultation

- Aim to streamline the multitude of sustainability data requests from FIs, investors, and clients
- Aim to minimize reporting burden for SMEs while facilitating access to sustainable finance (EFRAG, 2024)

IFRS - ISSB

International Financial Reporting Standards (IFRS) has an initiative to streamline **International Sustainability Standards Board (ISSB)** sustainability metrics for non-public SMEs

- Simplifies principles for measuring assets, liabilities, income, and expenses
- Reduces the number of disclosure requirements
- Simplified methodology is written in clear, concise language



There are a growing range of tools and trackers to support SMEs in measuring sustainability performance

Denmark Climate Compass

The **Climate Compass** developed by the **Danish Business Authority and Danish Energy Agency** provides free a digital carbon footprint calculator for SMEs

- Assesses compliance with the GHG-protocol regularly updated by the Danish Authorities

BDC Climate Action Centre, Canada

BDC's Climate Action Centre provides guidance on decarbonization for SMEs based on size, industry, and operations data

- Publishes a list of grants and loans for SME greening in Canada
- Offers a benchmark tool for alignment with environmental objectives

Bpifrance Decarbonisation Accelerator

Bpifrance developed the **Decarbonisation Accelerator**

- Provides seminars, toolkits, and case studies on greening
- Develops a firm-specific diagnosis, decarbonization strategy and deployment plan
- Offers a climatometer tool for calculating environmental footprint

Green Industry Platform portal

The **Green Industry Platform** aims to assist SMEs in developing resource efficiency strategies

- Offers an online portal with guidance and support services including case studies, technical guides, and online tools

Carbon Trust Carbon Footprint Calculator

The **Carbon Footprint Calculator** provided by **Carbon Trust** measures SMEs' corporate emission footprint

- Includes Scope 1 and 2 emissions and common emission sources for SMEs

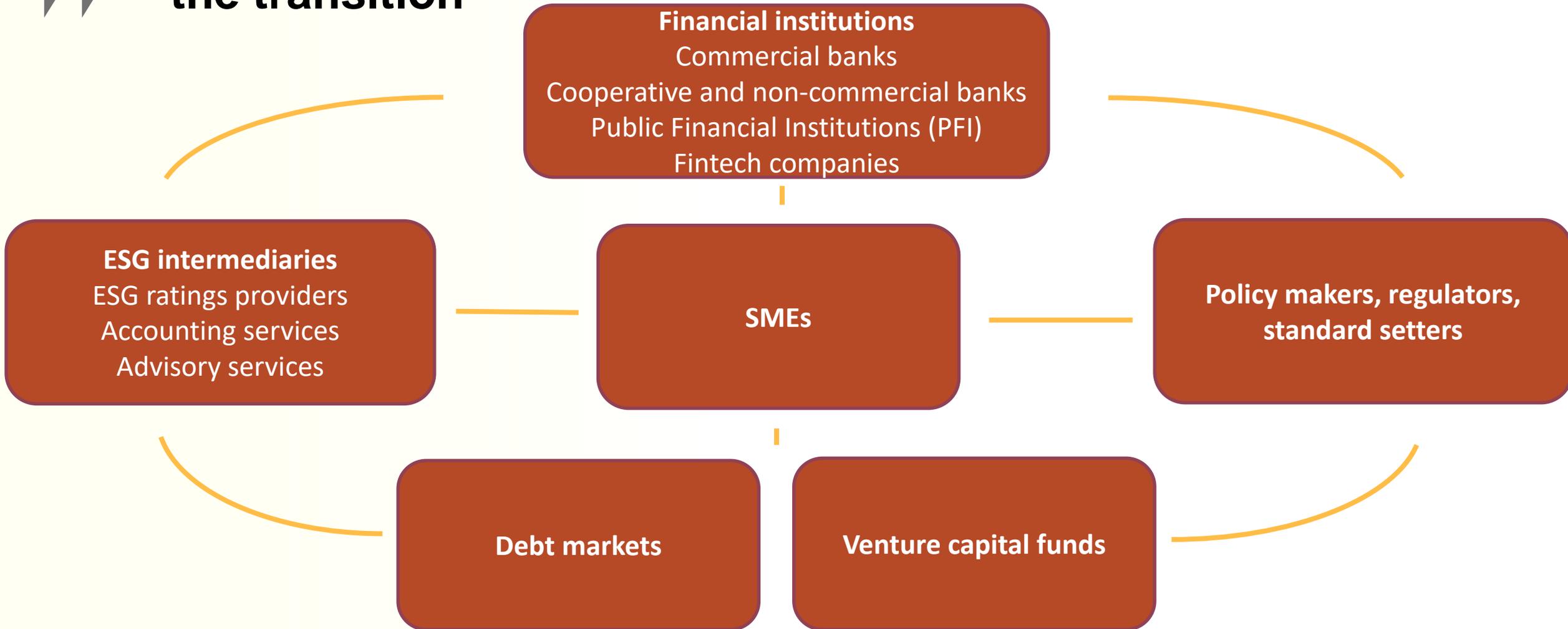
SME Climate Hub tools

SME Climate Hub acts as a one-stop-shop for tools and information to support SMEs' net-zero transition

- Resources include a net-zero commitment tool, a carbon calculator, and reporting assistance



Ecosystem actors must work together to help SMEs navigate the transition





The OECD Platform is supporting these efforts



Launch of a **global dialogue** to foster convergence on **financial institution data requirements from SMEs**, including a stocktake of existing measurement approaches and tools, in collaboration with partners



Identifying good practices in **financial institutions' offer of green, sustainable and transition finance instruments**, through policy mapping and assessment



Development of frameworks for **SME transition planning**, to unlock transition finance for small businesses



Provision of **tailored country analysis and support**

Thank you



Miriam.koreen@oecd.org

Twitter: [@OECD_local](https://twitter.com/OECD_local)

LinkedIn: www.linkedin.com/company/oecd-local

Website: www.oecd.org/cfe

