

KNOWLEDGE GIFT TITLE:

Co-creating the next generation of climate finance for SMMEs

COUNTRY(IES) / REGION:

Ghana, South Africa, Uganda, India & Thailand (2018-2019)

LEAD ORGANISATION:

SEED / adelphi

CHALLENGE / PROBLEM

- Climate-smart & socially inclusive SMMEs struggle to access capital for long-term growth
- Localised & targeted "missing middle" financing solutions and non-financial models are needed to channel climate finance to SMMEs



MAJOR ASSUMPTIONS MADE

- Climate-smart SMMEs bear significant potential (but lack finance) to scale-up their climate change mitigation and adaptation solutions, enabling countries to fulfill their NDCs and reach global SDGs
- Collaboration formats are needed for financial institutions to better understand SMMEs & cater to their financing needs



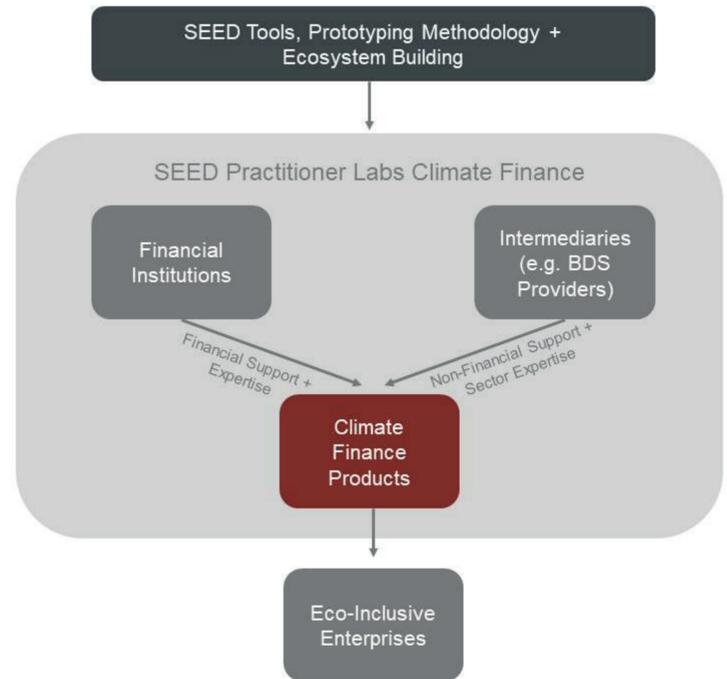
SOLUTION OFFERED

SEED Practitioner Labs Climate Finance engage leading financial institutions and sector experts (e.g. BDS providers) to co-create innovative climate finance products that increase "missing middle" financial flows to climate-smart SMMEs, using:

- Hands-on and collaborative prototyping methodologies and tools
- Proven and tested approach to move from culture of planning to culture of experimentation, iteration & collaboration via a multi-step, practitioners-driven Labs process
- Ecosystem building and strengthening of a local community of climate finance innovators that tackles local financing challenges comprehensively through financial and non-financial support



ILLUSTRATION / VISUAL



OUTPUTS CREATED

- (1) Community of around 200+ Lab practitioners during the completed Labs cycle in 2018 in Uganda, India and Thailand
- (2) Development of 10+ innovative climate finance products as diverse as the needs of the target countries ranging from a mobile-enabled microinsurance for smallholder farmers in Uganda to a blockchain-based gamified conservation fund in Thailand; finance products combine financial and non-financial support by pairing financial instruments with capacity building measures for climate-smart enterprises
- (3) 7+ climate finance product prototyping tools that can be used to develop and replicate / adapt collaborative process in other contexts



INDICATORS / SCALE / IMPACT

- Indicators: 10 climate finance products created + 9 products in development; 300+ stakeholders involved in 2 in-person touch points per country (Kick-Off Lab and Transition Lab);
- Scale: 3 Lab cycles completed in Uganda, India and Thailand; 2 Lab cycles ongoing in Ghana and South Africa
- Impact: innovative & local climate finance products, ecosystem building, comprehensive package of financial & non-financial support



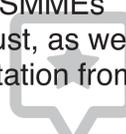
PARTNERS

- ** IKI (BMU), Flanders Government, adelphi research
- 1) Uganda: FSD Uganda (UK Aid), Swisscontact, UNFCCC RCC Kampala;
 - 2) India: TARA, New Ventures, GIZ;
 - 3) Thailand: Global Mangrove Trust, KX, Last of Ours, South Pole, UNFCCC RCC/IGES, UNDP;
 - 4) Ghana: MDF, MBC Africa, Wangara Green Ventures, Stanbic Bank, GIZ;
 - 5) South Africa: DBSA, FinMark Trust, OneWorld Sustainable Investments, Hivos



KEY RECOMMENDATIONS / UNIVERSAL PRINCIPLE

- Engaging diverse ecosystem actors combined with prototyping methodology boosts knowledge sharing & the innovation capacity of the group to co-create climate finance solutions catered to SMMEs
- Collaborative process ensures a culture of sharing and trust, as well as the facilitation of key partnerships for product implementation from the start to include both financial and non-financial support mechanisms



REPLICATION POTENTIAL / SUSTAINABILITY

- Replication potential: very high across a variety of countries; possibility to share not only methodology but also climate finance products needs to be explored further to replicate the impact at a large scale
- Sustainability: by engaging local Challenge Hosts, the implementation of the products beyond the Labs cycle is ensured through local networks & expertise



TOPICAL FOCUS

- MSME segmentation & entrepreneur-centred approaches
- Interplay between financial & non-financial services
- MSME support in digital era
- Entrepreneurial eco-systems & local advisory service providers
- New trends in MSME development

- Green
- Gender
- Fragility

SUB-TOPIC SELECTED What is the structure & various roles of stakeholders to create sustainable markets for MSMEs to access BDS & finance?

Facilitated by:

