



## Access to Green Financing for Enterprises

<b>Swiss Portfolio Outcome:</b>	Sustainable and More Inclusive Economic Development
<b>Implementation Period:</b>	01.11.2023 – 31.10.2027
<b>Implementing Partner:</b>	Impact Booster Holding B.V. and the United Nations Capital Development Fund (UNCDF).
<b>Swiss Contribution:</b>	CHF 6.45 million
<b>Modality:</b>	Contribution

### General Description

Bangladesh's geographic composition, coupled with the high population density, enhances vulnerability to climate change, resulting in anticipated losses between 2% and 9% of annual GDP by the middle to end of the century. Small and medium sized enterprises (SMEs), accounting for over 40% of employment, are greatly impacted by climate change. Due to limitations in size, they often face challenges when it comes to 'greening' their operations and lack confidence to invest in environmental friendly technology. The Central Bank has adopted a policy to increase lending to SMEs, with targeted green financing. However, access to financial services remain severely constrained due to perceived higher risks by the financial institutions, the weak outreach of banks, lack of appropriate lending structures and risk management strategies. Concrete policies and frameworks are in place but enforcement is weak. Also, despite the eligibility to avail many global funds for tackling climate change, Bangladesh struggles to tap into these resources, mainly due to the lack of proper instruments and channels for mobilisation. Hence creating awareness, developing capacity and mobilising stakeholders must happen in parallel to facilitating access to green finance to ensure sustainable impact. In summary, the issue is not only about availability of resources. The challenges are with accessibility.

### Objectives

The overall objective of the programme is to promote green financing and enhance the capacity of SMEs to develop and deliver low carbon and climate-resilient solutions and improve environmental performance that will ultimately increase resilience of communities, enterprises, and the overall SME support ecosystem in Bangladesh.

### Lines of Action / Components

- Capacity Development of SMEs
- Capacity Development of Financial Institutions and Investors
- Enabling Business Environment

### Intended Impact in terms of Systemic Change

SMEs can contribute to ensuring employment creation, reduce their climate and environmental footprint, and promote green initiatives whilst the financial institutions can tap into an unexplored market segment, avail and provide green financing since the SMEs will be able to focus on sustainable economic growth and business expansion through their increased access to working capital and investments. In parallel, financial institutions and investors will be capable of scaling up their customer base, with minimal risks, possibly using existing digital platforms, availing facilities from the Bangladesh Bank and other funding sources.

### Intervention Targets

#### Direct Beneficiaries

- 200 Small and Medium Sized Enterprises (approx. 2.5 % women-led/women focused);
- Financial Institutions; and
- Investors.

#### Indirect, but ultimate beneficiaries:

- 200'000 low-income households beneficiaries will be served by these small and medium sized enterprises, including, but not limited to, clients and employees.