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Women Climate Leaders Network (WCLN) – Joint key recommendations of the working groups on Greening SMEs and Green innovation

According to the EU Climate Action Progress report 2024, the European Union will have to step up its efforts to reduce greenhouse gas emissions if it is to meet its targets. This will require EU's legal framework for 2030 to be implemented in full to create an enabling policy environment and support investment flows.

Overall, climate investment in the EU economy has grown significantly (e.g., 9% in 2022, according to The Institute for Climate Economics 2024 report) and around 90% of EU firms have taken action to reduce their emissions (EIBIS 2024), primarily through strategies such as waste reduction, recycling and energy efficiency. However, to achieve its 2030 target and achieve carbon neutrality by 2050, dedicated and sustained effort will be needed to address the dual challenges of climate change and competitiveness.

The Women Climate Leaders Network is an initiative launched with the support of the EIB Group in February 2024, which brings together 48 women climate leaders from the private sectors of the 27 EU member States. This paper sets out five key recommendations from the initiative to ensure that Europe's green transition succeeds at both tackling climate change and boosting its competitiveness.

The recommendations identify small- and medium-sized businesses, which form the backbone of the European economy, as a priority and stress the need to scale up successful innovations.

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FIVE RECOMMENDATIONS

1. Create buy-in from small and medium-sized enterprises (SMEs) for the green transition by linking green to tangible business benefits

The Women Climate Leaders Network (WCLN) endorses the **principles of the EU sustainability regulatory framework** and supports **simplification efforts**, particularly for **SMEs**.

A **harmonised easy-to-use, proportionate and realistic sustainability reporting framework** – including the **EU Taxonomy** in particular – would facilitate the **buy-in of SMEs and mid-caps**. **Simplification** would expedite its adoption **across the entire value chain** and drive companies' innovation and competitiveness. **Capacity building** through skills, training and access to finance remains key.

Parallel to these efforts, the WCLN is of the view that it remains equally important to **build the business case for green products and services**, demonstrating to SMEs the tangible benefits of the green and digital transitions for corporate growth, resilience and profitability.

To achieve this, WCLN recommends the following measures:

- Share and streamline **tools** that link ESG factors to measurable financial and non-financial impact for companies, enabling a strategic approach to company transformation and the **crystallisation of the profitability drivers of turning “green”**.
- Share **local examples of successful green transformations** that illustrate how SMEs can practically approach energy efficiency measures, renewable energy generation, climate adaptation and resilience, reduction of waste and water consumption, circular business solutions, and showcase how these measures deliver more resilient profits and cash flows.
- Make SMEs and mid-caps monetise the cost benefits of renewable energy, through potential electricity demand pooling mechanisms for smaller off-takers and counterpart risk mitigation tools. WCLN also considers it important to tackle the **energy efficiency challenge of SMEs** and welcomes the EIB Group programme to scale up energy efficiency for Europe's small and medium-sized companies so they can lower their greenhouse gas emissions and energy bills.



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- **Use the supply chain to create pull effects:** large companies can integrate and enable their SME suppliers on their green transformation pathway by encouraging their voluntary sustainability reporting. A harmonised and simplified sustainability reporting framework that avoids excessive complexity and costs for small companies would streamline data collection and help provide access to sustainable finance.
 - Make public procurement, which represents around 14% of the European Union's gross domestic product¹ each year, a powerful market tool. Applying the **voluntary green public procurement standards** consistently across tenders and ensuring that small companies have the capacity to participate in tenders can be a **catalyst for change**.
- 2. Contribute to company growth with tailored financial instruments that meet distinct company segments (micro-companies, social enterprises, SMEs, mid-caps)**

The Women Climate Leaders Network (WCLN) considers that financial instruments need to be better tailored to the size, type and needs of companies. This is confirmed by recent evidence from the 2024 EIB Investment Survey (EIBIS), supporting the idea that **targeted financial support is more effective at promoting transformative investment** and improving company performance. This is especially relevant for the financial instruments offered by the European Investment Bank Group, but also on a wider level, for other financial institutions, and the definition of relevant SME/ Start-up/ mid-cap support programmes at national and EU level.

WCLN considers that **broadening the availability of alternative financing offers with suitable capital market instruments** (bonds, securitisation), **risk-sharing guarantees** (e.g. for specific industries or SME/ mid-cap portfolio guarantees) **and non-bank financing channels** (such as private debt funds, supply chain finance, B2B and fintech lenders) can stimulate small company growth, ensure continuous **scale-up** and, through better financial product choices, contribute to competitive and flexible financing terms for borrowers and sponsors.

WCLN considers that **mid-caps, which** are essential for Europe's competitiveness, innovation and growth, should receive more policy attention and are underserved in

¹ See: [Public procurement - European Commission](#)



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terms of access to finance. The **Letta Report** and the **Draghi report** both support the importance of mid-caps for Europe's competitiveness.

Emerging **research** by the European Policy Centre in collaboration with the Economics Department of the European Investment Bank finds that mid-caps (defined as companies with 250-3,000 employees) **perform better** than SMEs and large companies **in terms of productivity, innovation activity (including green), training effort, growth potential and adoption of digital technologies**, but they suffer similar **financing constraints as the much smaller SMEs** in terms of access to concessional finance and capital markets.

The Women Climate Leaders Network advocates greater recognition of the **importance of mid-caps** as a distinct company segment. EU policymakers should agree on an **EU definition of mid-caps** and produce consistent statistics to inform the design of tailored policies and financial instruments. The EIB Investment Survey (EIBIS), for instance, can be leveraged to report on mid-caps in the EU and serve as the basis for targeted analysis, as in the recent 2024 EIB-EPC report.

3. Effectively enable SMEs to green their businesses through capacity building, tailored guidance and tools

WCLN underscores the **importance of accessible, practical, affordable and understandable support** (such as training, guidance, tools, case studies) provided by **multi-stakeholder platforms in local languages**.

WCLN considers that **national initiatives** such as the [Luxembourg House for Sustainability](#) or the Spanish PACT as well as **local partner banks** that provide **green SME finance** can play an important role. WCLN has also engaged with the [AE4RIA](#)² initiative, which has developed a Metrix platform for SMEs, providing a structured approach to help them integrate ESG quantification and reporting tools aligned with the Sustainable Development Goals (SDGs).

WCLN can continue to liaise with other platforms, leveraging the EIB Group's EU offices and industry group [SME United](#)'s recompilation of national resources and funding support.

² [Welcome to AE4RIA -Alliance of Excellence for Research and Innovation on Aeiphoria](#)



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The Women Climate Leaders Network (WCLN) recognises the **role of financial intermediaries in green business opportunities**, awareness raising and access to finance for **SMEs** including for **adaptation and climate resilience**. Programmes such as the [Green Gateway](#), with its [Green Checker](#) and [Sustainability Guarantee Tool](#), provide support and practical trainings for the development of an EU-wide “green loan” standard. WCLN is also of the view that an EU definition of what constitutes a “green enterprise” and/or “green transition” will encourage green investment.

WCLN confirms that **a single point of entry** guidance for the EU’s next **Multiannual Financial Framework** would constitute a critical step to better inform SMEs about the availability of EU financing and simplify routes to access it. Often the **“long time to money” is a disincentive** to embark on a complex information search and application process. **Ease of access and speed to market** should be considered in the implementation of targeted financial instruments.

4. Scale innovation through policy enhancements

The WCLN is of the view that several policy enhancements are crucial to facilitating the scaling up of green innovative technologies. Key examples of enhancements discussed by the WCLN members include:

- **Rethink certain requirements enshrined in EU financial regulation.** Specifically, the prudential framework for large institutional investors should be reviewed to support green investments by easing capital requirements. Additionally, pension fund investment limits should be harmonised across the EU, as varying national rules regarding these limits currently restrict pension funds’ engagement in private investment funds.
- **Create a regulatory sandbox for green innovative businesses.** WCLN emphasizes the need for a regulatory sandbox for green innovative businesses as well as investors and other financiers of such businesses. This would create the right conditions for the development and growth of these companies and attract the necessary capital and investment.
- **Introduction of tax incentives by Member States.** Tax incentives such as temporary tax cuts on green products and higher taxes on non-green products could stimulate demand. Such incentives should be time-limited, given that green products should become price competitive as they scale and commercialise.



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5. Improve access to and availability of financial solutions for green innovation

The Women Climate Leaders Network (WCLN) recognises the need to **improve the accessibility and availability of finance** for innovative, early-stage green start-ups and scale-ups. These companies often struggle to secure sufficient venture capital and private equity investment to develop and scale. Once they scale, these companies require non-dilutive capital in the form of term loans or project financing in addition to equity, but they are often deemed too risky by traditional lenders such as banks.

To address these challenges, WCLN proposes several solutions:

- Support for industrial scaling of companies is critical. Presently there are very few European late-stage venture and growth investors operating in the market with sufficient critical mass to support the scaling of green innovation. The **expansion** of initiatives such as the [European Tech Champions Initiative](#) could contribute to strengthen the ecosystem of cleantech investors at **scale up stage**, equipping them with the necessary resources to accelerate the development and scaling of green innovation. Such initiatives should also support the exit environment for earlier stage investors (enhancing market liquidity for reinvestment) including by supporting specialist investors investing at the pre-IPO and IPO stages (facilitating the transition of companies to public markets).
- Due to the capital-intensive nature of hardware and asset-based green technologies, **debt instruments are vital alongside equity** to support the industrial and commercial scaling of green innovation and first of a kind technologies. **Venture debt and private credit** can play a particularly important role alongside other standard lending products. Long capital cycles require also longer-term financing options.
- **Public guarantees, de-risking mechanisms and investment platforms**, with features such as first-loss facilities or asymmetric return models, are needed **to attract more private capital** and institutional investors **and reduce real and perceived investment risk and lower the cost of financing**.
- Increase **catalytic growth capital by making smart use of public resources, such as blending instruments**, that go from supporting R&D all the way to pilot projects and early-stage commercialisation and future growth.



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The development and deployment of new financing tools and streamlining policy frameworks will require a set of **market support services**. Such advisory services can:

- Enhance knowledge-sharing, networking, and training through conferences and digital platforms, and leveraging existing forums to strengthen the venture capital/private equity ecosystem in green financing.
- Develop national guidelines, standardised sustainability reporting, and capacity-building programs while improving investor expertise to boost green technology investments and scale successful innovations across markets.