

finMED

*Boosting the financing of innovation for green growth sectors through
innovative clusters services in the MED area*

DELIVERABLE 6.4

finMED Project recommendations on the financing of the green transition



PIEMONTE REGION – Directorate for the Environment, Energy and Land use

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Contents

Contents	2
finMED project	3
finMED Capitalisation process	4
Methodology	Error! Bookmark not defined.
finMED project recommendations	6
RECOMMENDATION 1: Address the SMEs need for TAILORED SUPPORT in the green transition as well as, ECOSYSTEMS able to accelerate and enable change and innovation.....	7
RECOMMENDATION 2: Make sustainability criteria and environmental improvements conditional in sector-specific financial support measures where possible.....	9
RECOMMENDATION 3: Communicate clearly on the benefits of environmental improvement for the overall well-being of societies and the economy	11

finMED project

The transition towards a green and sustainable economy is expected to generate multiple economic, social and environmental benefits, anyway, the investments needed for this transition are enormous and the benefits are in the future. Therefore, significant efforts are needed to support the concept that investing in a green transition will be beneficial from an environmental, economic, social and financial perspective, benefiting the resilience of our society as a whole, as well as the healthy development of businesses and economic activities.

Public Authorities at all levels can play a decisive role in accelerating this transition by facilitating financing to investments and projects applying sustainable, green and innovative technologies and business models.

Clusters and Business support organisation as well are key actors in the green transition, representing the link with businesses and SMEs, working as facilitators and enablers for environmental shift in technologies and business models. Also, they often act as entry point for information and support to companies and SMEs, with a very crucial role in green sectors.

From February 2018 finMED, a project co-financed by the Interreg MED Programme, brought together a group of organizations related to green sectors policies, business support and competence developments. finMED goal is to create and stimulate a common understanding of green economy financing, create capacities and develop concrete solutions to improve access to finance for innovation by green SMEs.

finMED worked in two directions. From one side targeting and working with regions and public authorities and from the other side integrating and including clusters and business support organisations.

A **Capacity Building tool building for regions and public authorities** was developed by finMED, to increase capacities, skills, and knowledge of individuals (public servants, PA managers and officials, policy makers, decision makers) and organisations (regional and national public authorities) to help improve the financing of innovation towards green growth and for the benefit of SMEs, including the design and delivery of financial instruments. After the testing and the fine tuning of the tool, a series of Webinars has completed the picture, by sharing concrete experiences of financial instruments use in finMED partner regions. As a conclusive step, an Informative Session with European investment Bank and other technical experts enlarged the policy learning process, exploring meaningful experiences at regional, European and international level and the financing options that will be opened in the structural funds of the 2021/2027 programming period.

On the business side, an innovative **Support Service Tool for Clusters and Business Support Organisations** was designed and set up in order to better support green SMEs in accessing proper funding with less effort and higher success rate. The Support Service Tool works as a Decision Support System for SMEs and can be used during the process of selecting the appropriate funding tools that better serves their needs. It is also an effective tool for Clusters and Business Support Organisations to be included in their toolbox service portfolio when assisting SMEs into the process.

This tool as well was tested by SMEs, accompanied by partners clusters and business support organisations, then transferred with a real stress test in Business2Finance meetings, to establish its ability to deal with the real word, finally fine-tuned and released for free use.

In the Comunidad Valenciana, IVACE partner also developed a tool, called **MASDE**, in order to provide a strategic answer to the urgent needs of companies to successfully exit the economic crisis caused by the Covid-19 pandemic. The tool generates a strategic reflection module, SWOT analysis, Sectoral comparative study, Sectoral and Technical evaluation, Public Authorities evaluation, integrating into the analysis the perspective of Covid-19 impacts.

finMED Capitalisation process

Capitalisation of the Capacity Building Tool, the Support Service Tool and MASDE, finMED key results, is essential aspect in supporting the accomplishment of its objectives on local, regional, national and even EU level and a fundamental principle of the Interreg MED Programme. To transfer the results achieved and the lessons learnt during the project implementation, to target stakeholders and assure a wide dissemination and knowledge transfer to public sector, clusters and business support organisations, SMEs and even financiers is essential for the capitalisation steps.

The Capitalisation principle entails a very precise content, composed of “transfer”, “mainstreaming” and “strategic liaising” activities. Tightly linked to the implementation of transferring activities, mainstreaming aims to bring back concrete cooperation added value to the partners’ territories and to integrate the jointly developed and transferred deliverables into the regional/national policy and/or regulatory framework. Liaising activities are designed to reach out with key stakeholders related, among other, to any eventually missing thematic and/or institutional competences to further enhance the overall capitalisation potential.



So, as part of the capitalisation activities, finMED targeted all the actors in the green sectors innovation ecosystems, all stakeholders potentially interested in the main results of the project (Capacity Building Tool, Support Service Tool, MASDE) and the main outcomes and lessons learnt obtained, in the MED area and in Europe, in order to promote their use, uptake, implementation and mainstreaming.

Capitalisation process in finMED encompassed actions at regional level, with the set-up of regional stakeholder groups [§D6.3] that promoted the full implementation on the ground of both tools in partner regions, the delivery of guidance instrument to support policy improvements [§D6.2] together with transregional and EU wide actions, included the organisation of a European level Conference [§D6.5.3].

In this framework, each project partner elaborated a set of **Project recommendations** targeted to their regional ecosystems. They are meant as sort of “call for actions” that can support and improve policies processes and decision-making processes in the public and private sectors, towards appropriate finance and finance structure to support green transition.

This document contains an overview of the whole Project recommendations, elaborated by finMED partners, organized and structured in a synthetic form.

Process and guidance

In order to align finMED partners efforts in the definition of the respective Project Recommendations, a common guidance document was delivered.

In the context of finMED capitalisation, **a recommendation was intended as a tool for change: it helps define the required steps and compiles key stakeholders’ views on the essential changes and actions required for the green transformation. It is an instrument that includes a vision as well as goals and tangible recommendations and actions that will accelerate a transition towards a green economy.**

The guidance document suggested to follow 6 steps:

- 1 – Groundwork and preconditions: Define the preconditions, create a project plan for the process, define team roles and make sure there are sufficient resources available.
- 2 – The situational picture: Deepen the understanding about the current state of green economy in the region/ country. The situational picture will serve as a solid basis for the next steps.
- 3 – Vision and goals: Create an inspiring vision for the road map as well as set specific and measurable goals.
- 4 – Focus areas: Define the focus areas based on the vision and strategic goals. Define the indicators that help measure the transition to a greener economy.
- 5 – Set the recommendations and actions: Set the recommendations and actions that lead to the road map goals. At best, the procedures are a combination of strategy and tangible action.
- 6 – Compile: Start compiling the procedures. Ask for stakeholder comments. Communicate to inspire others to start their own actions to put green economy in action.

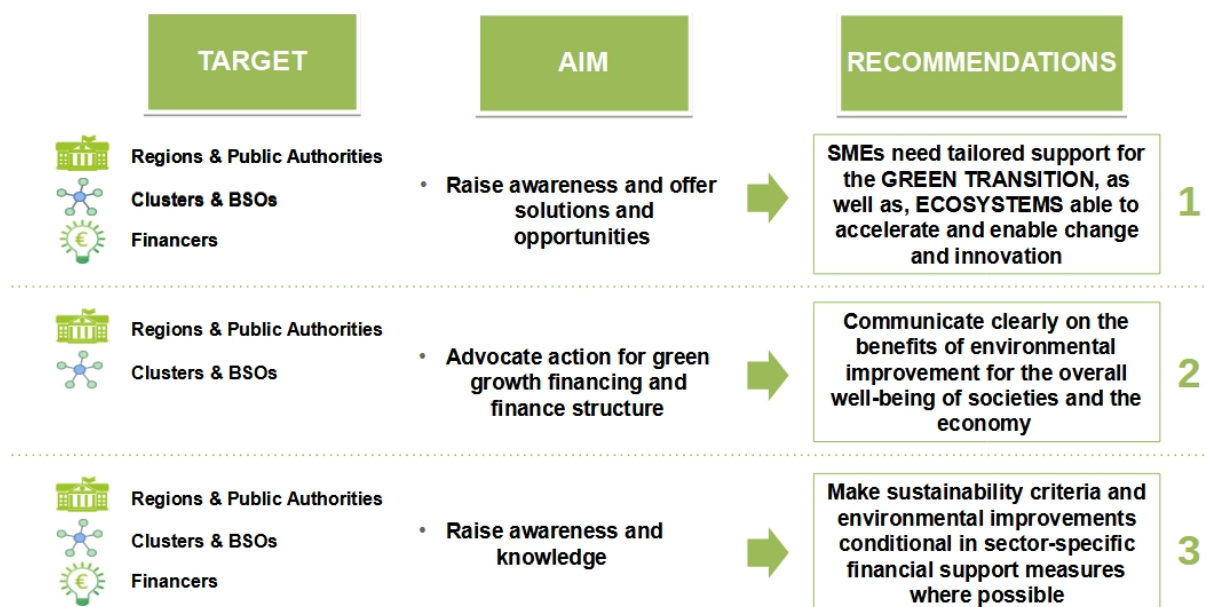
The project recommendations at partner level had been gathered and systematized. The integral versions of finMED Partners Recommendations are accessible [here](#).

This document provides a summary of the recommendations at project level. They are organized according to this scheme:

- **Targeted stakeholders**
- **Aim** of the recommendation
- **Background and evidences** supporting the recommendations and explaining the process leading to their formulation
- **Implementing actions** suggested in order to apply the recommendations in regional/national contexts.

finMED project recommendations

The overall logic and the project recommendations are summarized in the figure below:



RECOMMENDATION 1: Address the SMEs need for **TAILORED SUPPORT** in the green transition as well as, **ECOSYSTEMS** able to accelerate and enable change and innovation.

TARGET

Clusters and Business Support Organisations, Financiers, Public Authorities

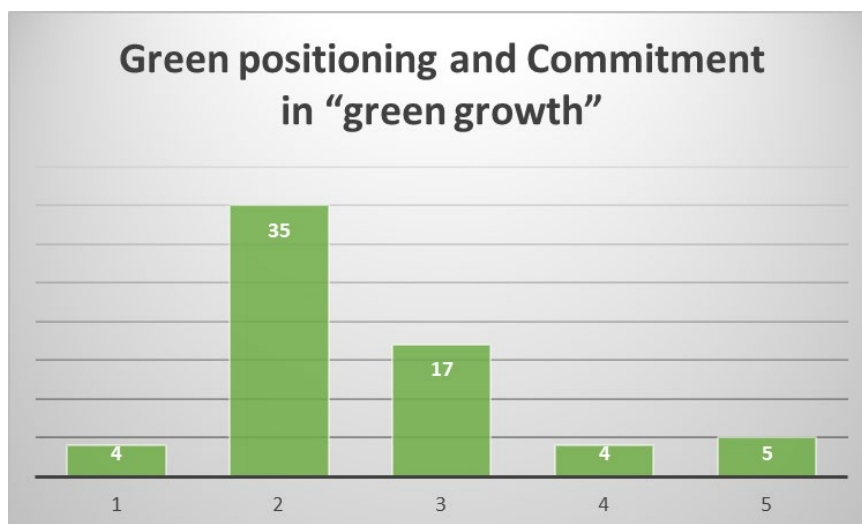
AIM

Raise awareness and offer solutions and opportunities

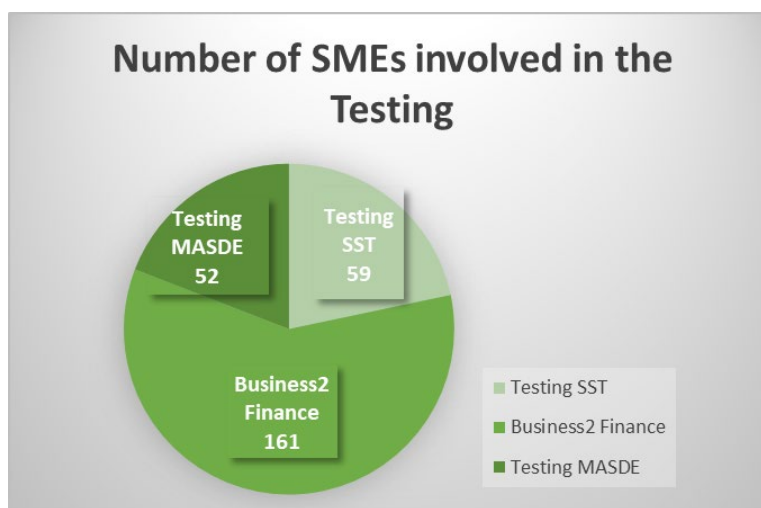
BACKGROUND and EVIDENCES

From finMED Activities and related deliverables emerged that:

- More than 50% SMEs involved in the testing did not understand why Green positioning and Commitment in “green growth” was included in the questionnaire of the Support Service Tool.



- All the companies involved in the different project activities confirm that there is a strong need for services that support the match between offer and demand of financial means for innovation.



- Clusters/BSOs are positioned as best intermediary since they are the privileged contact between SMEs and private funding actors. Their role could be key to contact financiers in order to put in place funding opportunities for SMEs, and need to be further deepened and strengthened.
- Financers participating in interviews and in the Business2finance meetings organized during the project, confirmed that there is a market space that clusters and BSOs exploit and deliver specific support to companies in the green transition.

CONCLUSIONS AND IMPLEMENTATION BY COUNTRY

(SI) Strengthen business support organisations via tailor made capacity building programmes to better develop and deliver tailor made services for green and innovative businesses in the area of green growth and green funding

(GR) Create Business information centres (One Stop Liaison Office) as useful first-time information stop for entrepreneurs

(ES) Foster public-private partnerships through the co-financing of project and initiatives which support green sector competitiveness and SMEs solutions acquisition

(FR) Encourage financing of innovation projects through cross-sectoral collaboration and cluster mobilization; create financial offers for experimental solutions linked with ecological transition

(IT) Address the specificities of green SMEs, since accessing the right type of finance to grow the business, invest in R&D and green practices and products, is a fundamental financing difficulty for SMEs, especially for the ones operating in the green sectors.

RECOMMENDATION 2: Make sustainability criteria and environmental improvements conditional in sector-specific financial support measures where possible

TARGET

Regions and Public Authorities, Financiers

AIM

Advocate action for green growth financing and finance structure

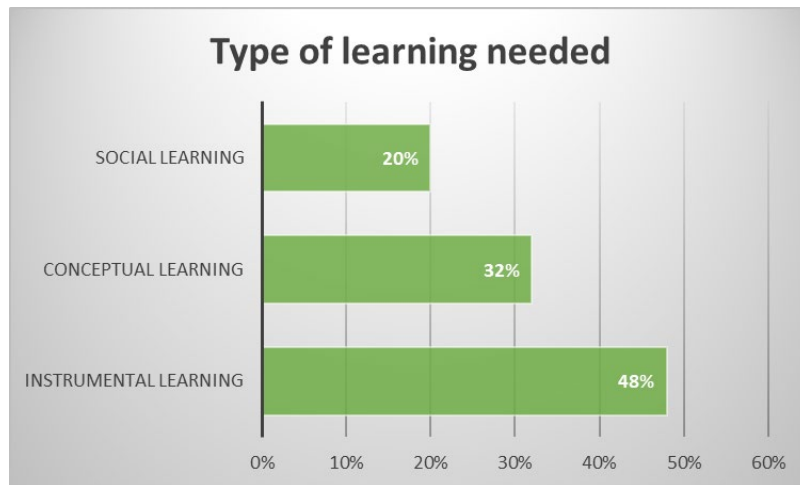
BACKGROUND and EVIDENCES

From finMED Activities and related deliverables emerged that:

- Environmental sustainability can be addressed by using the existing EU taxonomy and better clarifying green growth domains (as well as the interconnections with circular economy).



- Clusters and Business support Organisations detected the need to support experimental solutions linked with ecological transition by creating specific financial offers.
- Clusters and Business support Organisations reported the need to encourage industry transition through financing, for example with bonuses to buy solutions from green SMEs, SMEs will become indirect beneficiaries from this type of financing, as they will feed the needs of industry as well.
- SMEs require public authorities and regions to target the all ecosystems to push ecological transition with Innovation and Entrepreneurship Ecosystem Support Mechanism.
- Financiers pointed out that every aspect of SMEs business is in the spotlight by financiers, from employees' organisation and structure, supply chain, use and management of data, right through to the environmental credentials.
- Public authorities should still match gaps in knowledge and competences in order to deliver policies, instruments and strategies (using already available tools and methodologies).



- Covid-19 outbreak crisis pointed out that a more resilient economy and society need sustainable investment choices, such as integrating in financial policies and instruments the ESG criteria and implementing impact investing in financing to reach the whole SDGs as well as, more generally, in the construction of an economic structure more attentive to aspects such as social inclusion and environmental sustainability.

CONCLUSIONS AND IMPLEMENTATION BY COUNTRY

(ES) Improve the regional supply of financial services specialised in Capital and Venture Capital that allow the mobilisation of (national or international) private capital in investment projects that contemplate explicit sustainability criteria

(FR) Create financial offers for experimental solutions linked with ecological transition

(SI) Ensure that the significant environmental or green impact of any project, applying for public funding is given appropriate weight within the overall assessment in order to be granted for funding

(IT) Every aspect of SMEs business is in the spotlight by financiers, from employees' organisation and structure, supply chain, use and management of data, right through to the environmental credentials. ESG could be embedded in SMEs strategy and coform the overall narrative and purpose of their business. This will positively impact on the SME' financial viability.

(BIH) Necessity of shifting to a new development path that is in line with environmental protection and sustainable use of natural resources, while achieving significant gains in living standards and reducing poverty.

RECOMMENDATION 3: Communicate clearly on the benefits of environmental improvement for the overall well-being of societies and the economy

TARGET

Clusters and Business Support Organisations, Financiers, Public Authorities, SMEs

AIM

Raise awareness and knowledge

BACKGROUND and EVIDENCES

From finMED Activities and related deliverables emerged that:

- Underscoring the benefits to well-being and prosperity from more sustainable and resilient societies can strengthen public support for measures aimed at enhancing environmental health. This is one of the main lessons learnt from the Covid -19 pandemic: strengthen the link between environmental policy and health; promoting communication initiatives at national, regional, local and EU level, aimed at raising awareness, on the importance and benefits of a correct implementation of environmental policy, as well as on its added value for citizens, businesses and the planet, in order to increase the sense of ownership and the participation of all stakeholders in implementation efforts.



Legend:
 green: thematic priority objectives;
 black: enabling framework;
 blue: challenges at different scales.

Source: EC (2014a).

- During the covid-19 crisis the sustainable responsible investments better performed with respect to traditional ones: ESG criteria helps to mitigate all those risks related to environmental social and governance aspects. At the same time, they offer to investors new investment opportunities in sectors that usually are not considered, even if they offer returns in line with or above market ones, against the prejudice that usually couple sustainability with low returns or returns that are lower with respect to traditional investments.

- The actors involved in the finMED activities underlined that it is necessary increasing skills and awareness of the role that each part has to responsibility assume to reach a common objective.

CONCLUSIONS AND IMPLEMENTATION BY COUNTRY

(IT) Defining an agenda focused on healthy living, sustainable society and circular economy can address all the dimensions of sustainability. Communicate clearly on the benefits of improving the overall environmental health of societies would aim policy makers, at all level, to have a systemic innovative approach and set up or facilitate partnerships in green innovation projects and address the role of facilitators.

(PT) Raising awareness in civil society about the importance of financing the transition to a green economy.

(BIH) Increasing public awareness on green economy and importance on daily life.