



# WORLD SUSTAINABLE DEVELOPMENT SUMMIT 2022

**TOWARDS A RESILIENT PLANET:  
ENSURING A SUSTAINABLE AND EQUITABLE FUTURE**

February 16-18, 2022



Federal Ministry  
for the Environment, Nature Conservation,  
Nuclear Safety and Consumer Protection



Deutsche Gesellschaft  
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Zusammenarbeit (GIZ) GmbH

## MSMEs and climate resilience

16 February 2022, 11:30 - 13:00 IST | Duration: 90 minutes

Location: Online

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Climate change poses severe risks for Micro, Small and Medium Enterprises (MSMEs) that are often not equipped to absorb the economic losses climate change may bring. Investments in MSMEs that make them climate resilient as well as investment that encourages MSMEs to become climate smart, are therefore crucial for a resilient economy.

MSMEs contribute around 30 per cent to the Indian GDP and are the largest employers after agriculture. However, infrastructural damage, regulatory uncertainties, financial risks, market fluctuations, supply chain disruptions and reputational damage are some of the potential risks posed by climate change to businesses.

Climate action involves high initial capital investments in renewable energy, technology replacements for energy efficient measures, waste and water treatment systems, etc. While large corporates have capacities to invest in these areas, MSMEs are confronted with financial constraints. Further challenges are created by limited awareness and technical wherewithal, unsupportive regulatory regime and complex environmental norms; they also lack the institutional support to implement climate-smart interventions.

MSMEs therefore require an urgent push towards the adoption of technologies that lower their emission footprints and reduce their vulnerability to climate change. Climate finance can help MSMEs make this transition. However, this has not been tapped into by a large number of eligible enterprises due to limited understanding of available climate finance and its benefits as well as low financial literacy.

A facilitating ecosystem is needed to support delivery of climate finance to MSMEs. This can include simpler processes of registration for climate finance, as well as for verification of climate benefits. The other requirement is to have a dedicated climate finance facility for non-bank financial companies (NBFCs) and microfinance institutions (MFIs) catering to MSMEs. Majority

of NBFCs or MFIs who are the main providers of finance to MSMEs are either not eligible (due to stringent eligibility criteria) or find it very difficult to access climate finance. Furthermore, there is a need to build the capacity of financial institutions and include them in the process of origination, application, and delivery of climate finance.

With this background, focusing on food processing, and textile sectors, this thematic track will be structured around the following aspects.

- The climate change impacts, both direct & indirect, presently being faced by MSMEs and the impacts foreseen in the mid/long term
- Climate change adaptation measures for which financing should be made available and its utilization.