

In their ecological transition and energy security

## Executive Summary

SMEs contribute 61.5% of Spain's gross value added, generate 62.89% of employment and account for 99.9% of the business fabric (a total of 2,926,955 companies). It is also estimated that 50% of Spain's GHG emissions come from the activities of these companies. **Mobilising and supporting the decarbonisation of SMEs is therefore essential to achieve the goal of net zero emissions in Spain and Europe by 2050, while ensuring a fair and stable economic and employment transition.**

This transformation towards a more efficient, low-emission business model which takes into account our ecosystems will also be key to strengthening the competitiveness of Spanish SMEs and their resilience to face future energy, economic and climate crises. As shown in a Climate Strategy report (2022) presented at COP27, there are innovative case studies of leading SMEs in Spain that are using new tools, technologies and processes to measure and reduce emissions from their activities. However, in general, we find that **climate action by Spanish SMEs lacks structural focus due to a set of barriers and limitations in the access to finance, knowledge and tools.**

The main challenge of mobilising decarbonisation in SMEs stems from their size, local dispersion and granularity - there are almost 3 million in diverse sectors and distributed across the different regions of Spain. Since the start of this project in 2022, we have been in contact with more than 90 business platforms from all Autonomous Communities and more than a thousand SMEs (directly and indirectly) to understand the key levers to help address this challenge. Our main conclusion is **the need to create a sustainability network focused on providing local support to SMEs through access to climate training, tools to develop robust climate action plans and funding to implement them.**

Throughout 2023 we have focused on identifying those key actors that need to be involved in this network: **large companies, banks, business platforms and accountants.** This report analyses best practices in their sectors to effectively achieve and mobilise the decarbonisation of a critical mass of SMEs across Spain. Primarily, **our research shows that there is a significant coordination gap between these actors that needs to be filled with a national strategy where the public administration acts as the facilitator.**

**To this end, the Pact Activating SMEs x CLIMATE and RESILIENCE was launched to create a sustainability network in Spain that connects these private and public sector actors.** So far, more than 19 business platforms and civil society organisations have signed up to the Pact, which has agreed on more than 140 climate support actions by 2024 that can benefit more than 28.000 SMEs. This Pact will be presented at COP28 to encourage the participation of multinational companies and financial institutions, who have a significant 'tractor effect' within global SME supply chains. The project will also serve as a model strategy for governments seeking to boost the decarbonisation of their SMEs.

The following recommendations addressed to each of the mobilisation stakeholders aim to complement and reinforce the newly consolidated SME climate support network.



Influential stakeholders	Recommendations
Large companies	Develop <b>climate activation and support programmes for SMEs</b> in their supply chains.
	Establish a <b>net zero emissions plan by 2050 in its supply chain and integrate mandatory sustainable procurement criteria</b> to meet these targets.
	<b>Strengthen procurement teams</b> in supply chain <b>climate management</b> through training, tools and incentives.
Banks	<b>Advance sectoral decarbonisation</b> and sustainable financing <b>processes</b> by supporting them in the <b>development of climate tools for SMEs</b> .
	Promote the <b>development of new sectoral technologies for estimating the carbon footprint of SMEs</b> integrated into assessments of new financing flows.
	Integrate <b>climate training programmes and tools for managers and business networks</b> , supported by advisory teams in the most polluting sectors.
Business platforms	<b>Cooperate with the local administration to integrate a sustainability programme.</b> The focus is on awareness-raising, technical advice and incentives for SMEs.
	<b>Encourage public-private partnerships</b> to secure funding, technical expertise and integration of tools in sustainability programmes.
	<b>Join the Activating SMEs x CLIMATE and RESILIENCE Pact</b> to promote the exchange of best practices and coordination of activities between territories.
Colleges of economists and accountants	<b>Integrate research, outreach and training activities</b> on carbon accounting into the curricula of territorial economists' colleges.
	<b>Promote the development of</b> interoperable and standardised <b>carbon accounting tools</b> in Spain in cooperation with technology providers.
	<b>Connect with the Activating SMEs x CLIMATE and RESILIENCE Pact to create alliances and collaborations</b> to drive quality and homogeneous carbon accounting services.
Public administration	<b>Develop a national SME climate mobilisation strategy with the aim of proactively coordinating local actors through</b> a public platform to facilitate access to resources, knowledge and finance.
	Accompany the mobilisation strategy with <b>a funding framework for local networks that also simplifies and automates SMEs' access</b> to public funds.
	Set <b>ambitious and consistent standards for climate action and corporate transparency for all companies, with a particular focus on supply chains</b> to incentivise cooperation between large companies and SME suppliers.

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