

## Connecting investments to commitments – the AXIIS platform

Just as private companies are taking action to eliminate unsustainably sourced materials from their supply chains through zero-deforestation commitments, financial service



providers (FSPs) with social responsibility commitments are also adopting measures to ensure that they do not invest in enterprises that degrade the environment, support illegal logging, or promote deforestation. This is a smart strategy from a social and environmental perspective, and it also lowers economic risk. Many FSPs have capital to invest that is tied to environmental outcomes, but have difficulty in finding clients that meet their requirements. On the other hand, there are forest-based, credit-ready small and

medium-sized enterprises (SMEs) that face barriers in navigating the financial marketplace. The Finance Alliance for Sustainable Trade (FAST) aims to address precisely this financial gap in the agriculture and forestry sectors.

FAST has developed the online platform AXIIS (Access and Exchange for Impact Investment and Sustainability). It facilitates the collection, aggregation and analysis of SME data, and increases the efficiency of connecting SMEs with prospective FSPs. AXIIS serves Latin America, the Caribbean and East Africa, with expansion planned to other regions. AXIIS builds on FAST's experience in facilitating more than \$US 43 million in private financing to SMEs. The alliance's tools and partner network provides three key services.

- **Training:** Technical assistance for SMEs through the FAST International Network of Local Financial Advisors supports them in improving their credit readiness and developing an investment profile.
- **Analytics:** Industry reports regarding financial demand for short-, medium- and long-term finance in selected sectors allows financial institutions to tailor specific financial products and services to identified needs. Impact reports on the financial, environmental and social performance of SMEs, including specifically developed metrics for natural forest and plantation forest enterprises, illustrate clear social and environmental returns.
- **Matchmaking:** Either in-person or virtual matches are made between SMEs with strong investment potential and interested investors, enabling investors to lower the costs of meeting new clients and have access to new sectors and regions.

These services aim to improve the ability of sustainable agricultural and forestry SMEs to obtain finance, with the potential to benefit buyers by strengthening their supply chains. Large corporations that deal in forest products often have many SME suppliers, and meeting sustainability commitments requires enforcing standards throughout these supply lines. Access to finance can help SMEs improve forest management practices, adopt certification, and avoid exclusion from markets that require sustainable practices or zero deforestation. Access to finance also allows SMEs to upgrade operations and utilize land more effectively, steps toward a better balance between economic and ecological priorities.

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