



COVID-19 recovery & small enterprises

Global Policy Roundtable, January 2021

Summary

The challenge; the opportunity



- Small and Medium-sized Enterprises (SMEs) are key drivers of innovation, green growth, job creation, social cohesion and play a key role in green transitions.
- SMEs constitute 90% of businesses, and account for 50% of jobs worldwide (World Bank).
- SMEs impact the environment. They are also critical for driving green innovation.
- Even pre-COVID-19, only 3% of global climate funds were reaching SMEs.
- COVID-19 has hit SMEs very hard. More than 75% of SMEs are experiencing or expecting a reduction in revenues through 2020 (ILO)
- Unprecedented national stimulus and public spending, but initial research shows that little is reaching SMEs, and even less is supporting them to 'go green'.

KEY POINT: Governments and institutions risk missing the opportunity to accelerate a green and inclusive economic recovery from COVID-19.

Roundtable agenda

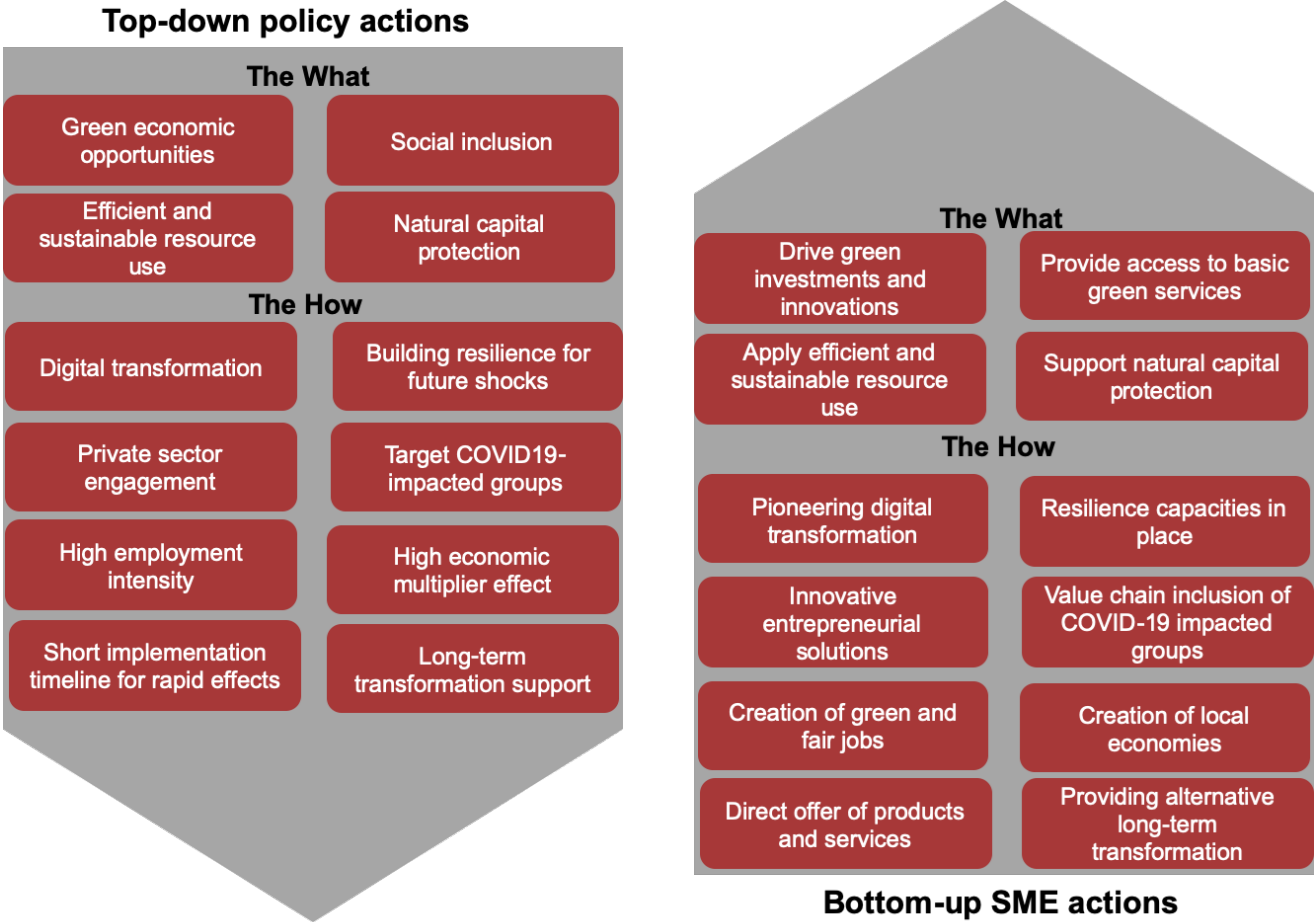


1. What **current support** is being provided to enterprises in COVID Green Recovery efforts?
2. What are the **critical actions or innovations** to **fill emerging gaps** in support?
3. What is the role of international organisations, and what kind of **interventions can we be collaborating** on?

[Participants list](#)

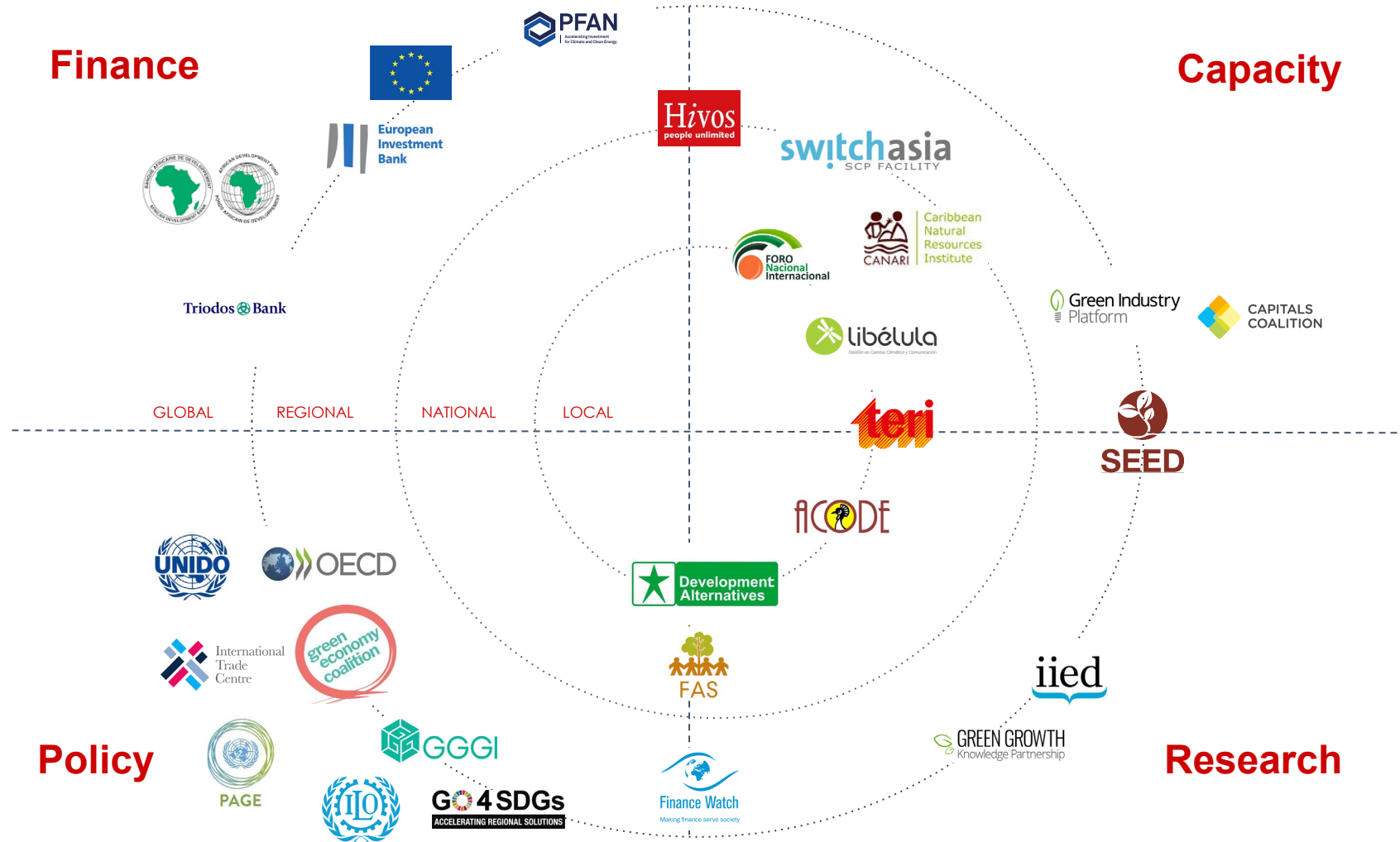
[Mural session notes](#)

The Green Recovery - Green SME Nexus



Who is providing support?

NB: This map is not exhaustive but is illustrative of organisations engaging in green / SME space



What kind of support is happening?



| | Capacity | Finance | Policy | Research |
|----------|--|---|--|---|
| Global | <p>Capitals Coalition supporting SMEs with tools for natural capital.</p> <p>Climate SME Hub provides tools GEC Green Economy Tracker to empower SMEs and CSOs; SEED: 4-tier SME support programme</p> | <p>UNIDO: Green Fund; financing ECSOs .</p> | <p>OECD Tracking green growth data to inform policy; Tagging 'green' in recovery planning; policy briefs for SMEs; UNIDO: Policy guidance for SMEs; ITC Trade/WTO discussion focussing on SME; GEC supporting SME voice in global policy.</p> | <p>UNCTAD coordinating the UN COVID 19 response with a lot of training available; IIED focus on agriculture and energy sector SMEs; SEED Green Recovery Study and SME Impact Assessment work</p> |
| Regional | <p>ITC: Chambers work as hubs for SMEs on green and inclusive topics, SCP-Facility: Best-Practice Exchange and Showcase of National SWITCH SME RECP Support projects</p> | <p>EIB new European Guarantee Fund supporting COVID affected EU businesses (EGF - €25bn); EU & AFDB 'Green Belt' partnership; Hivos-Triodos Fund for smaller businesses also to MFIs</p> | <p>GGGI supporting green growth package development in S. America.</p> | <p>ILO research on green enterprises in context of COVID-19 response in West Africa</p> |
| National | <p>Hivos: Women entrepreneurship support programme; UNIDO: SA Youth Entrepreneurship Support Programme; TERI: Waste-to-value business models building; Libelula building green SME networks;</p> | <p>E.g. In South Africa SMEs can defer taxes; In India loan packages; in Netherlands SMEs finance; Peru provides low interest loans for formal SMEs;</p> | <p>Peru: New "BIC LAW" will recognise green SMEs; Uganda: 'Green Growth policy' under national planning agency; GEC supporting CSO voice in national policy;</p> | <p>GEC hubs mapping "access to finance" dynamics and ecosystem; TIPS: Research on barriers and regulatory landscape in SA;</p> |
| Local | <p>DA micro-level cluster development; Canari Business continuity planning; TERI: Supporting SMEs to clean production</p> | | <p>Hivos supporting CSO voice in policy.</p> | |

What support for a SME-lead Green Recovery is already in place?



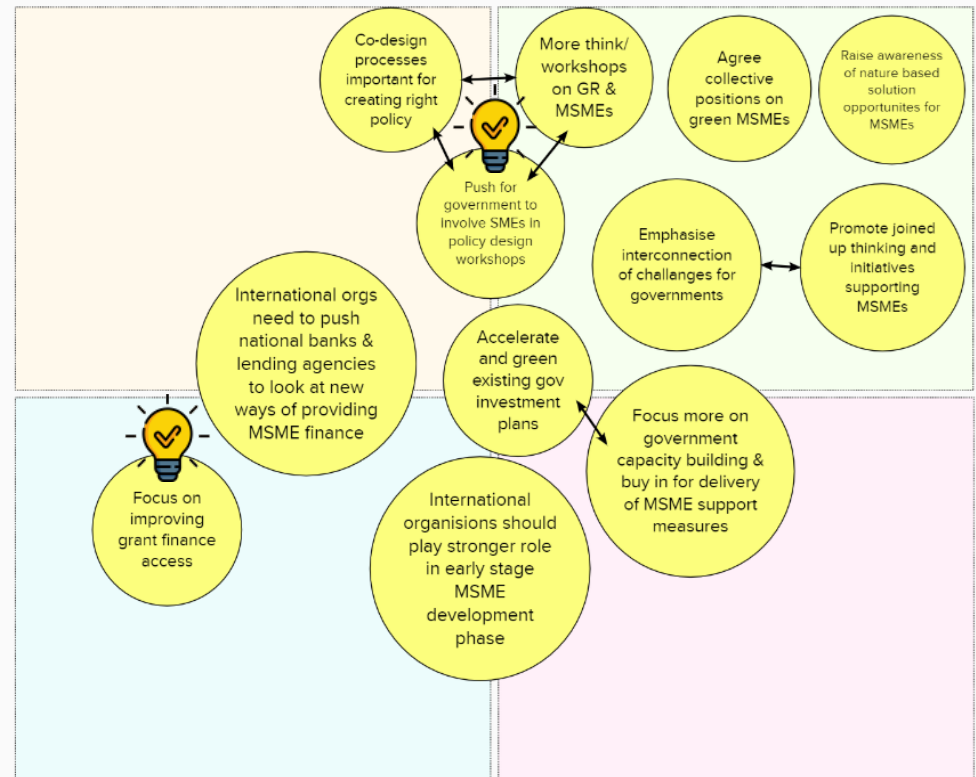
| | Research | Policy | Finance | Capacity Building |
|----------|---|--|---|---|
| Local | Ex gap/need: research into small enterprise resilience for better recovery and crisis resistance | For ex: Decentralised green recovery interventions relevant to people at the bottom of the pyramid | For example: De-risked informal industry support - especially from private sources, at more competitive rates | For ex: Business formalisation & capacity building to ensure female-led, rural and informal sectors have access to green recovery support |
| National | Ex gap/need: insights into what effects COVID has on informal businesses | For ex: Not all national green recovery plans addressing green or (M)SMEs (rather: bigger actors) | Example needs: Direct, unconditional financial assistance or guarantees for MSMEs to ensure survival | For ex: Capacity building for MSME digital skills and for e-business strategies |
| Regional | For example: Review positive and negative impact of Green Recovery on MSMEs | For ex: Developing common narrative around Green Recovery | For ex: zero interest loans to incentivise mainstream MSME to focus on digital and Resource Efficient Cleaner Production as they emerge from the crisis | For ex: Capacity Building for innovators and incubators on green recovery support for SMEs in Green Recovery |
| Global | For example: look into how to improve national regulatory frameworks to improve green MSMEs access to funding & support in the wake of green recovery | For ex: Prioritising of green recovery needed by policy makers | For ex: Deliberate focus on ESG taxonomy through finance providers to enable green MSMEs to access finance For ex: influence global green recovery and green finance streams | For ex: No common taxonomy for business or financial plans or impact monitoring framework that guide enterprise development |

KEY: Red = absent; light red = partially available or in place; green = available or in place
 NB: This table is not exhaustive but is illustrative of policies in green / SME space

Interventions and pathways forward for supporting SMEs



Pathways forward for supporting MSMEs in Green recovery



These are some of the pathways forward identified by roundtable participants; mapped against:

Collaboration: Whether organisations acting **together** or **individually**

and

Scale: Whether focused on providing **specific support** or driving **larger narratives**

Some ideas we can take forward together are **highlighted**



Next steps....



- GEC/SEED invite you to continue to be part of this global policy cluster focused on **Green Recovery and SMEs**. Initially, this will be an email group for exchanging ideas, sharing research and connecting with policy forums.
- SEED will approach some of you bilaterally in the coming weeks to gather with you further insights for the **Green Recovery Nexus Report**
- We would like to convene the group once more to explore **interventions in more detail**, and examine **pathways for collaboration**.
- Focal points going forward are Linde Wolters (wolters@adelphi.de), SEED, and Emily Benson (emily.benson@greeneconomycoalition.org), GEC.