



ECO-INCLUSIVE ENTERPRISES DRIVING GREEN RECOVERY PATHWAYS

SEED Green Recovery Snapshot



SEED

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About SEED

SEED was founded in 2002 at the World Summit on Sustainable Development in Johannesburg by UNEP, UNDP, and IUCN. It is a global partnership for action on sustainable development and the green economy. Today, we seek to unlock the full potential of social and environmentally focused ('eco-inclusive') market-based enterprises. We help tackle climate change effects and solve the world's social problems, as captured in the Sustainable Development Goals (SDGs).

About this Green Recovery Snapshot

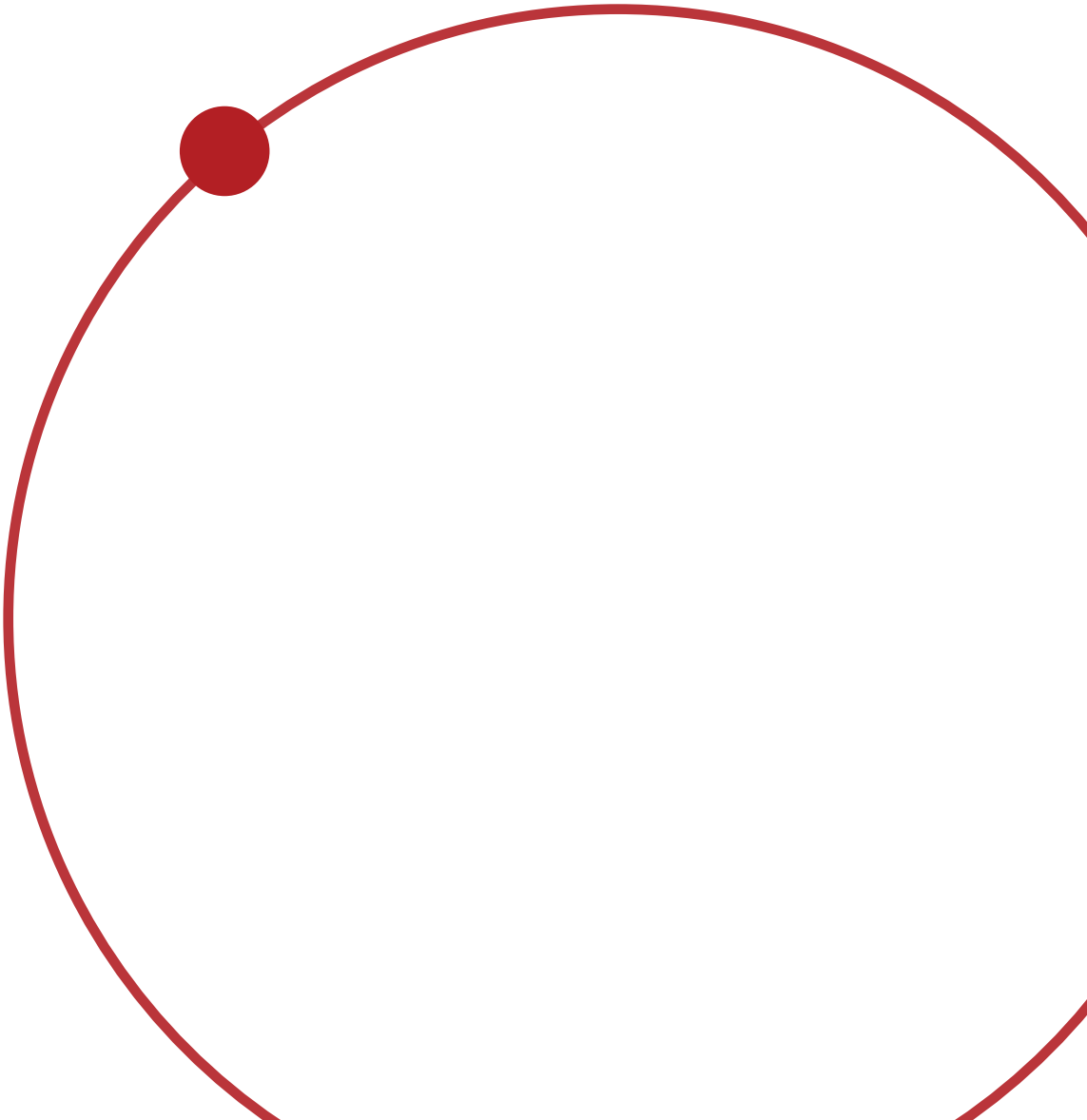
This snapshot report is intended for national policy makers and shapers; global policy and finance institutions; researchers and civil society networks. Drawing on direct insights from micro, small and medium enterprises as well as eco-system support organisations, it highlights the existing support gaps, concrete examples and new opportunities for catalysing a green, inclusive recovery from COVID-19.

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EXECUTIVE SUMMARY

When the COVID-19 pandemic shook the world in 2019, global economic activities have been severely battered, progress towards achieving the SDGs has been threatened, and global efforts are now centred on moving towards medium- and long-term sustainable and inclusive recovery. Green Recovery in this context recognises the non-sustainable pre-pandemic reality and considers all aspects of the SDGs. It focuses on a future of economic progress alongside socially and environmentally sustainable, inclusive global value chains and markets.

There is evidence on the importance of green recovery as a means for achieving our global goals and national economic recovery, however decision-makers struggle to prioritise different strategies. This snapshot report details how prioritising eco-inclusive enterprises delivers triple returns - economic, social and environmental – in both short and long terms.

SMEs are the backbone of economies worldwide, and eco-inclusive SMEs play an important role in delivering green recovery impact on the ground through their activities, products and services.

Role of Eco-inclusive enterprises	Evidence from snapshot report
Are job creators and drivers of green growth	58% of SMEs surveyed created new jobs in 2020 - 64% are part-time and 36% are full-time opportunities
Provide basic services to underserved communities	More than 50% of SMEs surveyed provided a 'very high' level of safety net support for their communities
Foster development of green innovation for sustainable consumption and production	50% of SMEs surveyed contribute to energy saving, 35% contributed to water saving and 39% contributed 'highly' to emissions savings
Protect, conserve and restore natural ecosystems	55% of SMEs surveyed contribute to organic agriculture and 39% contribute highly to forests protection
Are resilience builders for the communities they operate in	88% of SMEs surveyed invested in R&D and digital investments and 90% enterprises increased digital transformation in response to COVID-19 in 2020

A broad landscape of support providers; policy makers and intermediaries, have recognised the importance of eco-inclusive enterprises in the green recovery process, and are moving to provide important support options to these SMEs. However, naturally, there are existing gaps stemming from a historic lack of support for these actors, and the nascent recognition of green recovery, resulting in gaps within the support programme landscape. As a result, there is a need for a comprehensive snapshot of the current support programme landscape to identify the potentials of the sector.

Eco-inclusive Enterprises

Eco-inclusive enterprises are businesses who offer products and services, as well as operate business models that are environmentally beneficial (eco) and socially inclusive. These enterprises are often micro, small and medium sized, and play a significant role in supporting a country to achieve the SDGs and their NDCs.

This report provides such a snapshot, closely analysing the status quo, gaps and potentials of eco-inclusive enterprises as well as the SME support landscape in different areas and locations. Building on in-depth SEED-conducted interviews with enterprises and enterprise support providers, analyses of green recovery contributions as well as support potentials were identified to improve the existing support offer for eco-inclusive enterprises in a green recovery context.

The key gaps and challenges identified include:

- **A lack of understanding and recognition of the crucial role and contribution of eco-inclusive enterprises overall** resulting in these actors being overlooked in the design and implementation of larger green recovery support programmes, which limits their potential and growth.
- **Limited availability of dedicated financial support schemes** during crisis periods when enterprises and their beneficiaries need it the most, due to the fact that many actors do not finance eco-inclusive enterprises yet.
- **Limited ability to adapt programmes quickly to COVID-19 context**, as support providers often function at the nexus of the formal and informal SME sectors and often struggle with a lack of local knowledge and networks.
- **Limited digital literacy and infrastructure within support organisations, SMEs, and local contexts**, making it harder to continue or reach rural and isolated communities, despite the fact that many support programmes are now offered through digital platforms.

Key recommendations for future pathways include:

- **Provide financial support to locally rooted programmes** that pioneer holistic new approaches to serve eco-inclusive SMEs
- **Prioritise digital infrastructure building** making sure that support programmes can serve and reach eco-inclusive SMEs and their beneficiaries
- **Foster impact studies and gather data as evidence on green and social SMEs impact potentials**, to give eco-inclusive SMEs more recognition and opportunities in larger green recovery support programmes which increases their potential and boosts growth
- **Support the development of a green recovery taxonomy that integrates the perspectives of eco-inclusive SMEs** fostering their overall recognition in the green recovery context
- **Ensure recovery schemes leverage lessons from existing enterprise support programmes**, to reduce barriers faced by SMEs to access and benefit from the schemes.

The authors hope that this report can inform future global efforts to boost the support and ultimately impact of eco-inclusive SMEs in a green recovery.

A note on terminology: This report will use the more commonly used abbreviation “SMEs” (Small and Medium Enterprises) to refer to businesses and enterprises in the micro, small and medium categories. The terms “green and social” and “eco-inclusive” will also be used interchangeably to refer to socially-inclusive and environmentally-friendly aspects of these enterprises.

1. INTRODUCTION

This report connects the role of eco-inclusive enterprises in a green recovery process, and explores the available enterprise support options, in order to analyse gaps and opportunities in realising such a recovery. It incorporates and builds on previous research which sheds light on the contribution of eco-inclusive enterprises towards the SDGs¹, on enterprise COVID-19 resilience², and which outlines recommendations for ecosystem actors to support eco-inclusive enterprises in increasing their resilience. While earlier research has highlighted the critical role of eco-inclusive enterprises in the context of the SDGs and COVID-19 resilience, the connection between eco-inclusive enterprises, ecosystem actor support approaches and the concept of green recovery has not yet been fully researched. This report aims to increase awareness about the role of eco-inclusive enterprises in the green recovery process, analyse emerging approaches that address existing gaps, and explore which type of additional support is needed to help scale these enterprises and drive the emergence of new ones. The analysis in this report is published in conjunction with an in-depth comparative case study analysis that provides a typology of green and social enterprise profiles or segments describing their different trajectories and journeys.³

1.1 The Green Recovery Concept

The SDGs, Paris Agreement and global and local ambitions for a green, circular economy are the world's ambition for a more inclusive, climate resilient and environmentally sustainable life on earth. The COVID-19 pandemic has severely challenged global economic activities since 2019 and threatens to reverse progress towards achieving the global Sustainable Development Goals (SDGs) by 2030.⁴ As we move towards medium- and long-term recovery targets, pursuing a *sustainable* and *inclusive* recovery becomes more and more urgent. This is why global organisations such as the OECD, UN, and the IMF have urged for a *Green Recovery*. The focus on “green” recognises the importance of social and environmental sustainability and inclusiveness alongside economic progress in global value chains and markets. In response to COVID-19 recovery efforts, the goal of achieving recovery goals alongside a green focus has been adopted in several strategies and proposed actions by international public and private sector actors (see GEC, 2020; BMU, 2020; OECD, 2020; IMF, 2020; UNCTAD, 2021).

Green recovery, as opposed to conventional recovery, does not only deliver environmental and social benefits, but it also **makes economic sense**.⁵ A study published by Oxford University shows that, contrary to traditional recovery measure, recovery stimuli with a green focus deliver more jobs, higher short-term returns as well as long-run cost effectiveness.⁶ In addition, the pursuit of green recovery **complements and supports private sector actors** involved in global value chains who have showed support and commitment to their sustainability goals.⁷ Building back the economy doesn't have to come at a cost for climate action.⁸ In fact, pursuing carbon neutral economies and achieving the SDGs is **imperative for building resilience to future shocks and crises**, and at the same time ensure inclusive, equal and sustainable progress.

Ambitions to define the new concept of Green Recovery have gone alongside combined efforts to develop suitable frameworks and approaches to achieve a green recovery at all institutional levels and across all dimensions. Such approaches referred to different existing concepts linked to *Green Economy* and *Green Growth*, and they ultimately guided the development of green recovery programmes.⁹ Based on existing approaches and concepts, this report refers to the GGGI Green Growth Index and its overall conceptual framework and dimensions.¹⁰ Linking these dimensions to green recovery requires a longer-term approach, which involves **focusing on creating green economic opportunities, social inclusion** ensuring people at the base of the pyramid (BoPs) are not left behind, **promoting resource efficiency** and **protecting natural biodiversity**, as well as **strengthening resilience to future shocks**.

1 SEED, 2020a

2 SEED, 2020b

3 SEED, 2021

4 UNDESA, 2020

5 Donor Committee for Enterprise Development, 2020

6 Hepburn, C., O'Callaghan, B., Stern, N., Stiglitz, J., and Zenghelis, D. 2020

7 Ibid.

8 BMU, 2020

9 See GIZ's review of existing instruments for Green Recovery https://www.greengrowthknowledge.org/sites/default/files/learning-resources/action/BFB%20Briefing%20Reality%20Check_Trackers_2021-02-02.pdf and GEC's Green Economy Tracker that benchmarks how nations are transitioning to green and fair economies <https://greeneconomytracker.org/>

10 GGGI's Green Growth Index <https://greengrowthindex.gggi.org>

Green Recovery Framework¹¹

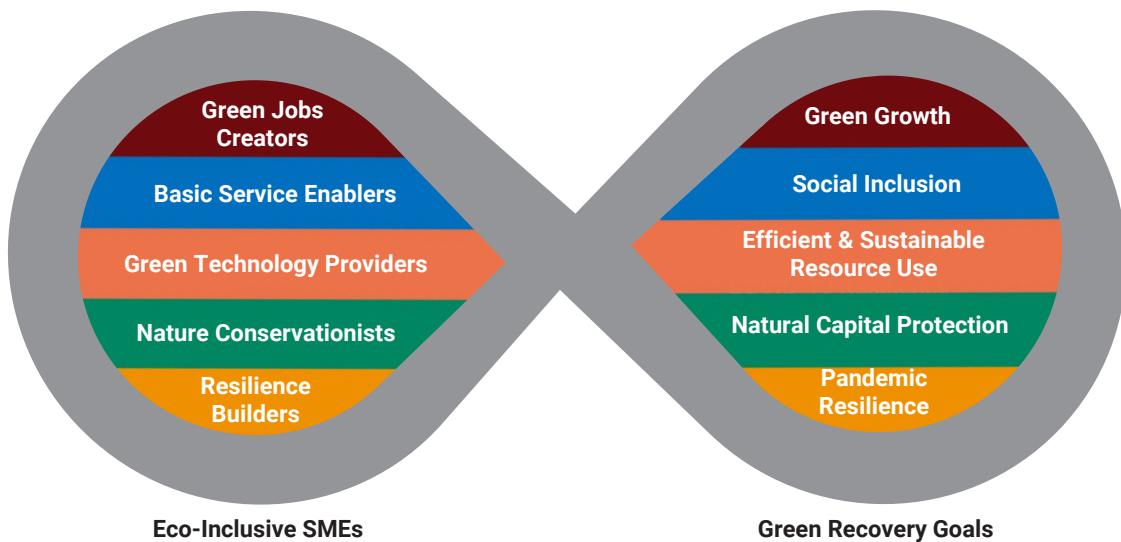


1.2 Green Recovery and the Role of Green and Social Enterprises

How can green recovery and its related impact be delivered in a sustainable and equitable way? Businesses, specifically eco-inclusive SMEs are important contributors to green recovery goals because they implement crucial activities and have significant influence on the ground. The nexus between eco-inclusive SMEs as local

implementers and green recovery goals demonstrates their role in achieving an overall green and inclusive transition. As local implementors, SMEs therefore play a significant role in delivering green recovery results, and their operations need to be adequately supported to maximise the positive effects of their contributions.

Nexus: Roles of Green and Social SMEs in Green Recovery <-> Green Recovery Goals



The nexus between specific roles which eco-inclusive SMEs have, and the green recovery effects they achieve through these roles, are further outlined below.

¹¹ SEED's Green Recovery Framework is aligned with GEC's 5 Big Picture themes <https://www.greeneconomycoalition.org/themes/the-big-picture>

Green Job Creators <-> Green Growth: Eco-inclusive SMEs are important job creators and drivers of green growth. They provide direct and indirect jobs, often for low-income and underserved communities. SMEs in general play a critical part and are often referred to as the backbone of many economies. They constitute 90% of businesses and account for 50% of jobs worldwide.^{12,13} Besides providing income for base of pyramid (BoP) communities, SMEs are also customers to larger companies, playing an important role across the supply chain. Since SMEs as green job creators significantly contribute to green growth, failure to protect them creates a ripple effect on the broader economy, stagnating any efforts towards recovery. Most peri-urban and rural communities rely on SMEs for employment and economic activity, and could face loss of livelihoods and forced migration if small businesses closed down.¹⁴

Basic Service Enablers <-> Social Inclusion: Eco-inclusive SMEs provide basic services and goods to underserved communities while supporting gender and youth empowerment. They also provide a source of income to low-income and marginalised groups in informal economies worldwide. The OECD estimates that SMEs support and provide opportunities to four billion people living at the economic BoP, a market opportunity of roughly \$5 trillion globally.¹⁵ SMEs integrate BoPs from the demand side as customers, as they receive basic access to essential goods and services, as well as from the supply side as suppliers, as distributors and employees. Thus, the sustainability of SMEs has a direct impact and influence on communities and the environment they operate in.

Green Technology Providers <-> Efficient and Sustainable Resource Use: Through the delivery of green products and services, eco-inclusive SMEs foster sustainable production and consumption, and positively contribute to the green economy. For instance, they use resource-efficient material in their products, they make use of renewable energy, and/or they produce organically. In addition, eco-inclusive SMEs provide sustainable agriculture, clean energy, green technologies, waste management services, water, sanitation and health (WASH) products and services. SMEs also contribute to the green economy as eco-innovators, eco-preneurs, and eco-adopters, i.e. by developing new or significantly improved products and services that reduce environmental impact (eco-innovators), by adopting green business models and seeking opportunity in the transition to a green economy (eco-entrepreneurs), and by taking up greening practices to comply with regulation and standards (eco-adopters).¹⁶ In the green recovery process, green technology innovation, the development of entrepreneurial ideas connected to efficient and sustainable resource use, and the adoption of green practices, are crucial contributions of eco-inclusive SMEs.

Nature Conservationists <-> Natural Capital Protection: Natural capital protection is a major sustainability challenge globally, and SMEs are heavily affected by environmental degradation. As part of their role as nature and biodiversity conservationists, eco-inclusive SMEs protect and restore natural ecosystems, which supports nature conservation and protection. They also directly and indirectly advocate for natural resource protection, and promote the sustainable use of natural capital. Nature conservation also provides an economic opportunity to many communities. Fostering healthy ecosystems and conserving our natural systems is therefore important to maintain and sustain local livelihoods. Eco-inclusive SMEs have an important role to play in this process of securing sustainable access to the economic and social potential provided by nature.

Resilience Builders <-> Pandemic Resilience: SMEs are the bedrock of global, national, and local markets. As key adopters and inventors of environmental innovations in their products, services and value chain, they are at the forefront of climate adaptation and mitigation, helping build resilient and adaptive community structures.¹⁷ When a pandemic such as COVID-19 occurs, SMEs are more affected, suffer longer and are slower to recover than larger businesses. Pandemic resilience requires entrepreneurs to engage in two activities: one is bouncing back from the collapse of markets, the breaking of supply chains, and the depletion of workforce capacity. The other is learning how to leap forward into new markets, supply chains and talent markets where the rules for survival and success are unclear and changing. Eco-inclusive SMEs are resilience builders as they operate flexible and adaptable business models, provide important digital solutions to COVID-19-related challenges, protect natural resources which serve as the basis for future economic opportunities and livelihoods, and foster social inclusion which allow communities to thrive and make positive societal change for a resilient future.

Against this background, this report closely analyses the status quo, gaps and potentials of eco-inclusive enterprises as well as programmes designed to support these SMEs to achieve green recovery goals. Ultimately, the identification of current contributions as well as support potentials is a key first step to improve existing support programmes and develop new programmes, to boost the impact of eco-inclusive SMEs in the future.

¹² UNCTAD, 2020

¹³ In Africa, they make up more than 90% of businesses, providing more than 60% of jobs many of whom are women and youths (International Trade Centre, 2018). In Asia they constitute more than 96% of all businesses, and are providers of two out of three private-sector jobs on the continent (Yoshino and Taghizadeh-Hesary, 2018)

¹⁴ Albaz et al, 2020

¹⁵ OECD, 2018

¹⁶ OECD, 2018

¹⁷ Montmasson-Clair et al, 2019

1.3 Report Methodology and Approach

This report provides a theoretical framework for the aims of this study; it is not meant to serve as a comprehensive review of all ecosystem actors. The findings are based on a combination of primary and secondary data.

Methodology

To obtain primary data informing this study, SEED carried out interviews with 36 eco-inclusive enterprises and 15 ecosystem support organisations. Two sets of surveys (one for enterprises, one for ecosystem organisations) were developed to collect data consistently across the interviews. The surveys were designed based on the components in the Green Recovery Nexus (Chapter 1.2), and the Impact Reporting and Investment Standards (IRIS) metrics provided by the Global Impact Investing Network (GIIN).

In order to assess **green recovery contributions**, SEED has identified **16 key areas** related to 1) the **impact objectives** aligned with the GGGI Green Growth Index, 2) **COVID-19**, and 3) specific green recovery **design requirements**. The assessment areas are based on secondary data including publications and reports by leading organisations such as ADB, DCED, EU, GEC, ITC and World Bank among others¹⁸, which have defined critical aspects and requirements for private-sector or SME-led green recovery programmes and measures.

Participant's responses were recorded together with the SEED data collection team and comprises self-reported information from the survey respondents. The insights gathered were then analysed and synthesised to map out the existing contributions and to identify gaps that inform recommendations for further supporting measures.

Further details on the methodology applied and the data analysis conducted can be found in the annex.

¹⁸ ADB 2020, DCED 2020, EU 2020, GEC 2020, ITC 2020 and World Bank 2020



2. GREEN RECOVERY CONTRIBUTIONS AND NEEDS OF GREEN AND SOCIAL ENTERPRISES

“To achieve this green transformation, green micro and small enterprises are critical enablers. In India, MSMEs contribute to 37% of the GDP. MSMEs create 4 out of every 5 new jobs positions. With around 36.1 million units throughout the country, MSMEs in India contribute to 37 percent of the GDP, 37% of India’s manufacturing output and employ close to 20% of the workforce.”

- *Delhi Declaration on Local Green Enterprise, GEC India (January 2020)*¹⁹

Even before the pandemic became a global phenomenon, governments have acknowledged the important role SMEs play in contributing to green economy. There is their role as providers of basic eco-friendly products and services, but also that of driving green innovations. Furthermore, SMEs which employ green and socially responsible business models contribute towards efficient and sustainable resource use and support the protection of natural resources.

At the onset of the pandemic in 2019, SEED supported enterprises in Ghana, India, Indonesia, Uganda, South Africa, Thailand, Malawi, Zambia and Zimbabwe. During that time, enterprises have **pioneered digital transformation** within their business operations and they adopted **innovative entrepreneurial solutions** to weather the crisis caused by COVID-19. Inherent to their business models is providing income streams and upskilling for marginalised communities – women, youth, refugees and people living with disabilities – who are most vulnerable to COVID-19 impacts.

Enterprise Example

Green Impact Technologies (Malawi)



CLEAN ENERGY

Employees	Customers	Distributors	Suppliers
25	3,400+	2	3

Share of Women Employees	Resource Efficiency
<p>56%</p>	<p>Energy savings </p> <p>399,000 KWh</p> <p>CO₂ Emissions savings </p> <p>4,400 t</p>



Business model: Providing affordable renewable energy to un-electrified communities through PAYG.

During the pandemic, GIT expanded their target market of solar energy clientele by providing clean energy to essential local health services. In doing so, they were able to apply for a permit to continue operations during a time when many other businesses had to close down.

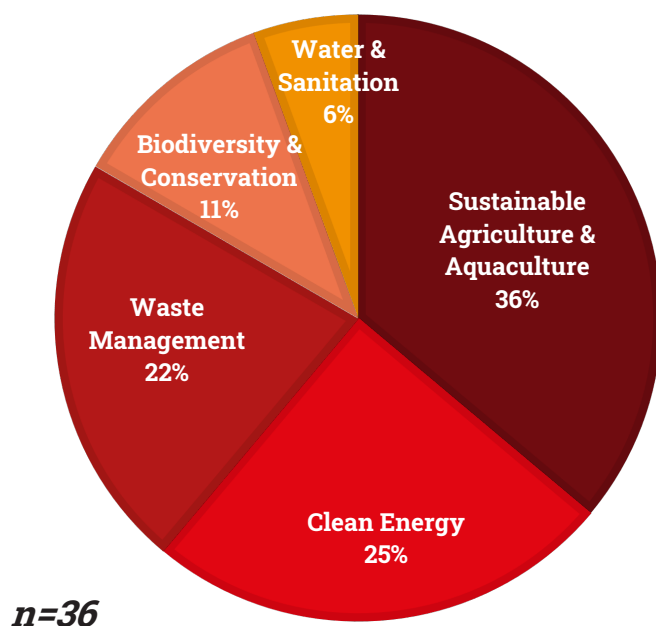
¹⁹ GEC India, 2020

An interesting development in the eco-inclusive SME landscape can be seen since the COVID-19 pandemic, which restricted movement and business activities and put businesses in a position where they had to adapt to a new situation. SMEs, in particular those in the green and social impact sector, had to innovate and adapt to cope with new practices. These new practices include adapting operations to fit working-from-home, altering production conditions to comply with changing public movement regulations, and shifting business activities to digital

platforms which implied rapid digital literacy upskilling and digital platform implementation.

The interviewed SEED-supported SMEs have remained active throughout the pandemic and continue to create impact in five different sectors, with the two main sectors being *Sustainable Agriculture & Aquaculture* and *Clean Energy*.

Green and Social Enterprises: Industry Breakdown



The analysis of SEED-conducted interviews outlines the contributions of eco-inclusive SMEs to green recovery in detail. The following section makes references to the Green Recovery Framework from Chapter 1, examining five aspects of green recovery, specifically:

- In how far have eco-inclusive MSMEs **created green economic opportunities** and **social inclusion**, in how far did they **promote resource efficiency**, **protected natural biodiversity** and in how far did they **strengthen resilience for future shocks**?
- Within these contexts, what were the **challenges and gaps** hindering their full impact potential?
- What are **recommendations** that can close some of these gaps, and stimulate further impact creation?

In highlighting the contributions of interviewed eco-inclusive SMEs to green recovery, this analysis represents the basis for recommendations and pathways outlined at the end of this report.

ICONS

- POSITIVE CONTRIBUTIONS**
- CHALLENGES AND GAPS**
- RECOMMENDATIONS**

Green Economic Opportunities

1

SEED interviews revealed positive contributions to green economic opportunities in several different ways. Direct economic opportunities are usually created by businesses for their employees, but can also extend to benefit other stakeholders in the value chain of suppliers, distributors, and customers (individuals or organisations). Many of these stakeholders come from marginalised groups of rural, youth, women, BoP, and other minorities. Eco-inclusive SMEs operating in green sectors revealed that they have continued to provide economic opportunities since the beginning of the pandemic. 58% of the enterprises created new jobs in 2020 despite the difficult worldwide situation, of which 64% are part-time and 36% are full-time opportunities.²⁰

At the same time, some enterprises had to downgrade full-time contracts with benefits to ensure that all staff remained on the pay-roll. As a result, many employees experienced job insecurity.

In order to combat livelihood insecurities and ensure the protection of employees' livelihoods, targeted rescue packages in the form of employment retention measures such as wage subsidies (e.g. Namibia²¹ and Malaysia²²) for SMEs should be introduced. Similarly, immediate rewards for SMEs operating in essential sectors of the economy (e.g. PPE providers, clean energy producers) such as bonuses and compensation job support schemes would help cushion these enterprises and encourage operation during a crisis.

Green and Social Enterprises as Green Job Creators: Numbers & Facts (2019-2020)

58% of enterprises provided new employment in 2020

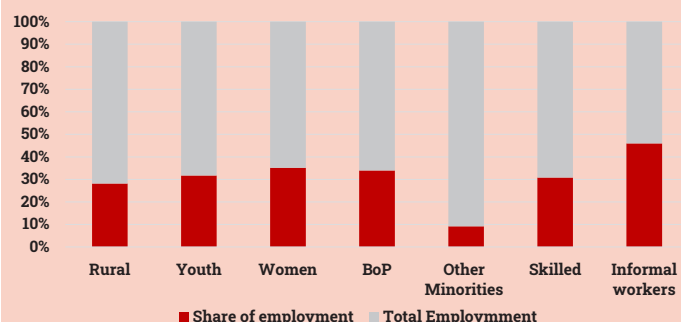
63% of enterprises contributed "Significantly" or "Outstandingly" to income increase in 2020



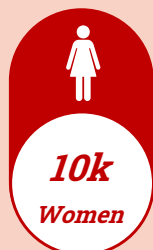
Share of marginalised stakeholders



Employment provided to marginalised people



Economic opportunities provided to marginalised stakeholders (suppliers, distributors, customers)



n=36

2

Due to global movement restrictions, 33% of interviewed enterprises experienced reduced turnover revenue in 2020 compared to 2019. However, many enterprises were able to continue business operations as a result of agile innovations such as adopting digital platforms for distribution and communication, and emergency adaptation such as developing new product lines (e.g. PPE production) to target immediate needs of the communities. 47% of enterprises saw an increase in turnover revenue in 2020 compared to 2019.²³

²⁰ The SEED Comparative Case Study Report section on Impact Journey Analysis provides further insights on eco-inclusive SMEs' economic, social and environmental impact development over time.

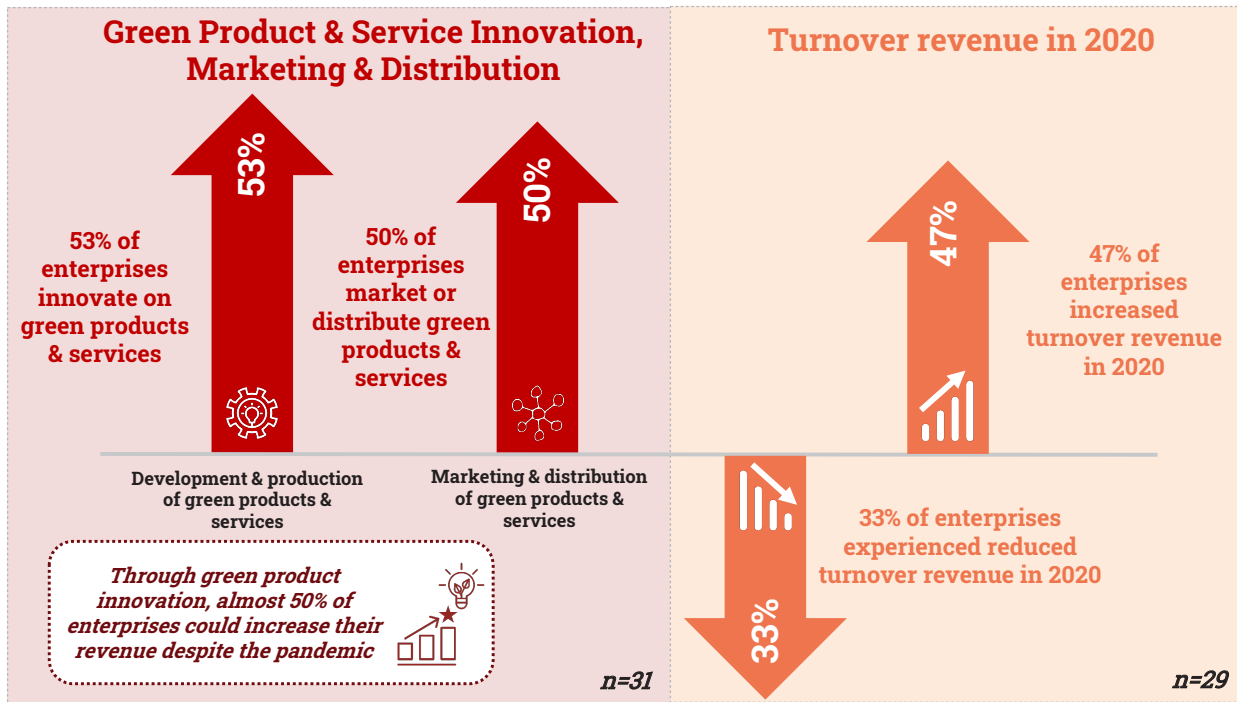
²¹ Institute for Public Policy Research (IPPR), 2020

²² Free Malaysia Today, 2021

²³ The SEED Comparative Case Study Report section on Finance Journey Analysis provides an in-depth look into how SEED-supported eco-inclusive enterprises perform

Resources originally allocated for enterprise growth had to be diverted towards emergency adaptation, thus stunting plans to scale the enterprise. To cope with this situation, enterprises also had to change their business models, lessening the focus on environmental impacts, reversing progress towards achieving the SDGs. Additionally, across all interviewed enterprises, there was a cumulative drop of 64% in funds raised compared to 2019 figures, which put further strains on their development and impact creation.

Results also revealed that those surveyed enterprises that were already investing significantly in digitalisation and innovation were less likely to resort to major emergency adaptation. Within this context, support that focuses on sustainability and resilience of enterprises, such as digitalisation and adopting agile processes, would help ensure higher enterprise readiness to cope with future shocks.²⁴



Green and Social Enterprises' Fundraising Activities between 2019 and 2020



n=32

Cumulative funding* raised (in EUR)



The pandemic caused a significant 64% reduction in available funding for green and social SMEs

*Funding types included: Loans, equity, grants and personal funding

financially over time.

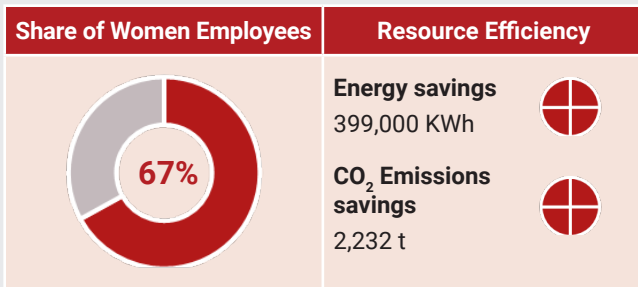
²⁴ SEED's Green Recovery Ecosystem Builder Programme targets intermediaries, accelerators, business advisors, tech hubs and support agencies making SME support programmes green, fair and recovery proof.

Enterprise Example

Kukula Solar (Zambia)



Employees	Customers	Distributors	Suppliers
52	12,300	35	3

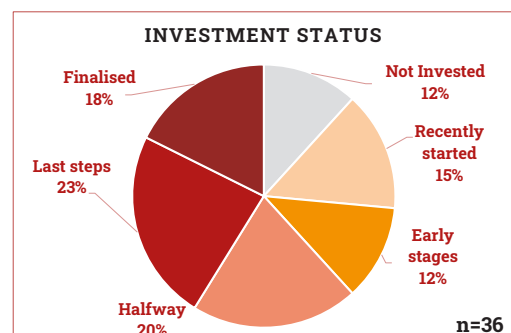
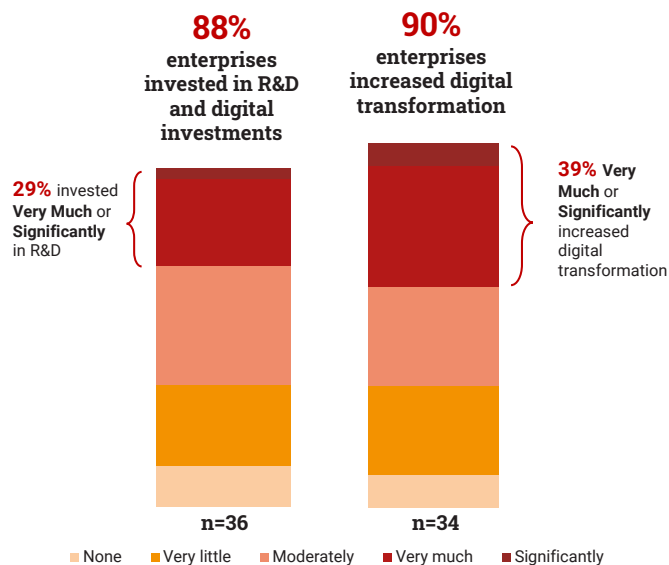


Business model: Distribution of solar power equipment through local female 'Solarpreneurs' in rural communities.

Kukula Solar was able to increase its revenue by 160% in 2020. When the pandemic began in February 2020, it threatened business activities and particularly impacted rural communities that were still using firewood to produce heat and cooking. After doing market research, the Kukula Solar team added biomass clean cook stoves to their product offerings and kicked off a campaign to sensitise rural groups about the importance of not cutting down trees for cooking. Three weeks later, they sold out their stock and were encouraged to increase product supply. In total, 15,790 clean cook stoves were distributed between March and December 2020.

Green and Social Enterprises as Green Technology Providers: Numbers & Facts

R&D and digital transformation in 2020



Despite the pandemic, green MSMEs continued to invest in R&D and digital innovation!

Social Inclusion

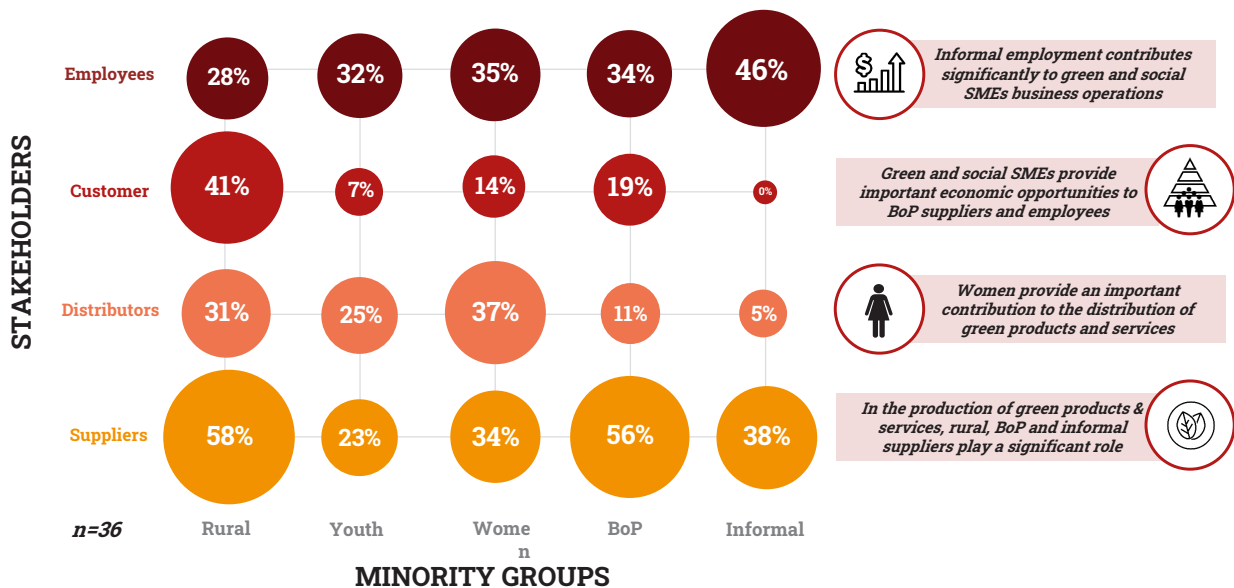
3

+ By operating in local communities, economic opportunities along their value chains are created for underserved populations. In terms of social inclusion, interviewed green and social enterprises operate business models that serve and integrate people from marginalised communities – youth, women, BoP, and minority groups. These SMEs are also providers of essential products and services like clean energy, sustainable organic food and environmentally-friendly WASH products, providing decent quality of life for local communities.²⁵ SEED-interviewed enterprises also demonstrated social inclusion by offering a moderate to high level of support against social and economic shocks, e.g. through informal safety nets (such as providing advances for employees' health related expenditures²⁶), and saving schemes for employees or staggered pay-as-you-go models for customers accessing essential services.²⁷

↗ Due to their strategic position as economic providers in underserved communities, eco-inclusive SMEs demonstrated to have existing structures in place to expand the inclusion of marginalised groups in green recovery. Yet, despite providing essential services and serving as informal safety nets for marginalised communities, SEED interviews showed that reach of marginalised people who are able to benefit from eco-inclusive value chains is still limited, as many SMEs struggle to scale their businesses.

★ Social inclusion can be leveraged by creating enabling environments in which tailored support is available to new eco-inclusive enterprises so they can develop further, and for existing ones to scale their operations. These can be in the form of tax breaks for SMEs to increase provision of basic goods that are socially inclusive and environmentally-friendly during a crisis like COVID-19. Similarly, governments can encourage private banks to require a social and environmental checklist for SME loan approvals²⁸ beyond crisis periods.

Value Chain Stakeholders in Green and Social Enterprises



How many of your Employees, Customers, Distributors and Suppliers are from Rural, Youth, Women, BoP or Informal backgrounds?

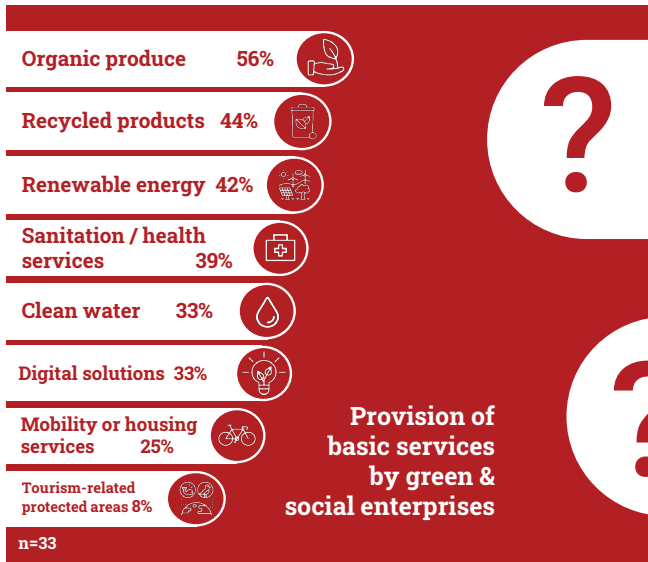
²⁵ Green Impact Technologies Malawi, a solar energy provider was also classified as an essential service as they provided electricity for health centres in remote areas.

²⁶ Mooto Cashews Zambia, Survey Interview 22.03.2021

²⁷ Green Impact Technologies Malawi, Survey Interview 10.03.2021

²⁸ OECD, 2015

Green and Social Enterprises as Basic Product & Service Providers



? To what extent do your enterprise's activities, products or services make the following available or accessible?

? To what extent does your enterprise help stakeholders deal with social or economic shocks or crises?

Safety nets	Saving schemes	Shock-resilient products
<p>> 50% enterprises provide a "Very High" level of safety net support</p>	<p>> 90% enterprises offer saving scheme support of some form</p>	<p>45% of enterprises offer an "Extremely High" amount of shock-resilient products or services</p>

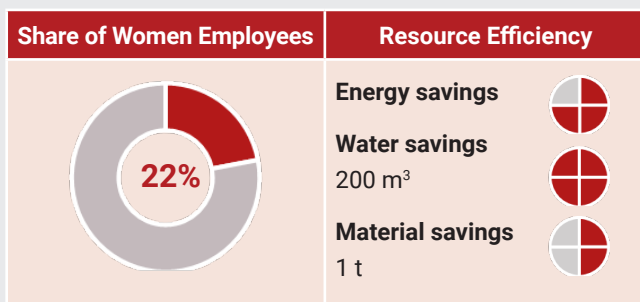
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Enterprise Example

Puffer Pure Water Sefactor Deos Maks (Indonesia)



Employees	Customers	Distributors	Suppliers
9	5	-	14



Business model: Manufacturing waste-water treatment devices and processing raw waste-water into clean water for remote areas.

At the beginning of the pandemic, Puffer Pure Water (PPW) lost significant income from the government, their main customer, as resources were diverted to pandemic rescue efforts. Out of this situation, PPW saw an opportunity and invested in developing a water steriliser product. Since they could not count on government income anymore, they pivoted to serving private sector corporates, who were looking for innovative ways to continue business operations through PPW's products.

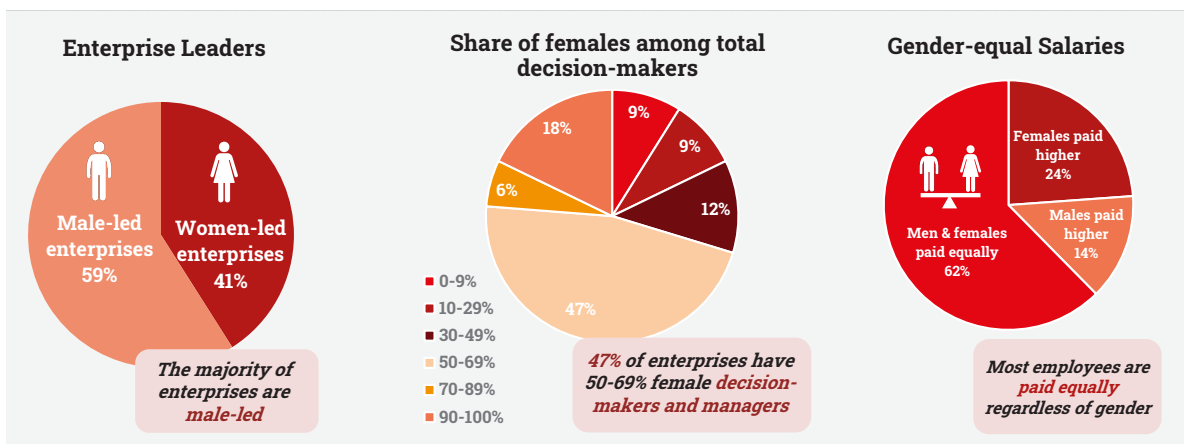
With regards to gender equality, surveyed enterprises make a positive contribution. In 2020, 41% of eco-inclusive SMEs surveyed are women-led, and around 47% of enterprises have between 50-69% female representation in decision-making and manager roles. Eco-inclusive SMEs also ensure equal pay and promotion opportunities between male and female employees, with 62% paying both genders equally. These show SMEs are able to maintain a high level of gender balance within the workforce during the pandemic.

While female representation in leadership roles seem to be sufficiently represented in the cohort, the total of women employees is still only at 35% of all employees. Interviewed enterprises claim that it is difficult to find properly trained female employees in the labour market. At the same time, traditional

gender roles play a strong role in keeping women out of the formal labour market.²⁹ This reflects the global trend where only 63% of women aged 25-54 participate in the labour force, compared to 94% for men.³⁰ This gap in gender participation in the workforce is further exacerbated with COVID-19.

Enhancing more gender-focused ecosystem support programmes targeted at empowering women with employable skills at different levels is an important step to address gender equality challenges. Skills training programmes that help boost women participation in the workforce should be coupled with access to finance, support for childcare, prevention and response to cases of sexual harassment and abuse, support for safe transportation, and explicit encouragement to enter traditionally male occupations.³¹

Gender Balance in Green and Social Enterprises



Efficient & Sustainable Resource Use and Natural Capital Protection

SEED-interviewed SMEs contribute to efficient and sustainable resource use, both through their core products and services offered, and through their business operations. Amongst the eco-inclusive SMEs surveyed, more than 35% contribute highly and very highly to emission savings. These include products that either mitigate carbon emissions (e.g. creatively utilising waste that would go to incinerators as raw materials for production) or provide support for climate adaptation within communities (e.g. provision of solar kits and clean cook stoves). In total, 17% of enterprises contribute to energy saving, 8% contribute to water saving, 14% contribute to material saving and 17% contribute to GHG and emissions savings indicated as part of their core business.

Eco-inclusive SMEs by default contribute to more efficient sustainable resource use and/or operate business models that protect natural capital. However, many still fall short in making it a core aspect of their business often due to the weak bankability of these business models. Similarly,

organisations that focus on natural capital protection as a core aspect are yet to be appreciated for their economic value. There is a mismatch between where green opportunities lie and the investment appetite for private capital flows³², thus making it hard for these enterprises to make a solid green business case.

Elevating the business case and bankability of enterprises focusing on sustainable resource use and biodiversity focused organisations could be adjusting performance monitoring methods to include biodiversity measures of environmental stewardship, social inclusion and good governance, as found in the Agricultural Performance System.³³ At the same time, intermediaries supporting sustainable finance can also participate in mobilising finance for biodiversity enterprises while making existing resources and tools accessible that simplify environmental impact measuring for entrepreneurs and their stakeholders (government departments, banks, insurance providers).

²⁹ Helen's Refuse Collection Zimbabwe, Interview 12.3.2021

³⁰ UN Women, 2018

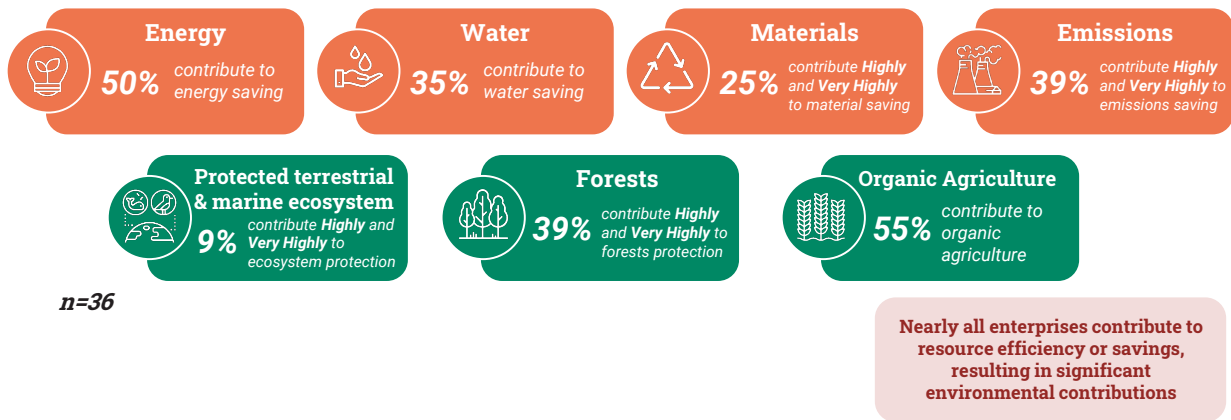
³¹ World Bank, 2020

³² Global Landscapes Forum, 2020

³³ The Agricultural Performance System (APS) by Resilient Landscapes is a locally-monitored method for assessing and promoting more resilient agricultural practices <https://resilient-landscapes.org/apslp/>

Green and Social Enterprises as Nature Conservationists: Numbers & Facts

Share of enterprises contributing to Resource Saving, Natural Capital Protection & Sustainable Land Management



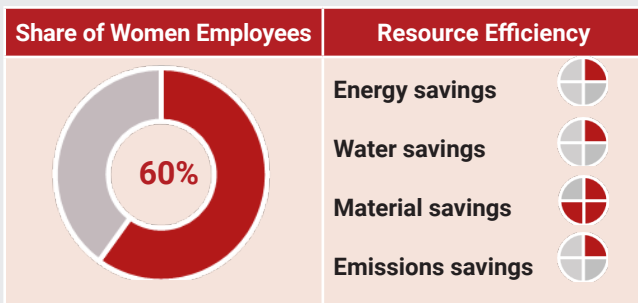
Enterprise Example

Fourth Line Limited (Zambia)



SUSTAINABLE AGRICULTURE

Employees	Customers	Distributors	Suppliers
10	50	30	535



Business model: Producing moveable, durable and productive beehives.

Fourth Line Ltd produces durable and moveable beehives from reclaimed wood offcuts instead of cutting down trees for virgin wood. These beehives are made to increase out-grower farmer's productivity per hive, diverting them away from relying on traditional forest industries such as charcoal production. At the same time, it generates income for them that is not detrimental to the environment.

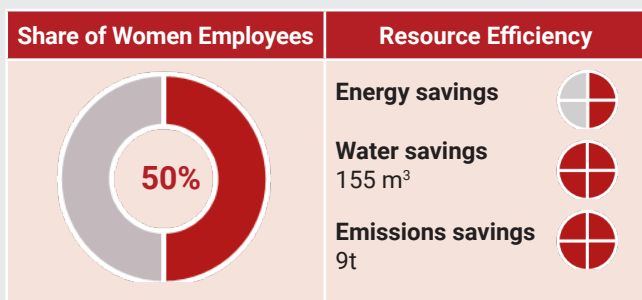
Enterprise Example

MycoTech (Indonesia)



GREEN TECHNOLOGIES

Employees	Customers	Distributors	Suppliers
38	74+	-	200



Business model: Producing Mylea vegan leather from mushrooms.

In 2020, MycoTech managed to reduce energy and water consumption from 2019. With partial support from the SEED grant, they invested in improving material standards and impact measurement. Mycotech installed energy monitoring systems which included electrical and water consumption data tracking. The systems helped them make the switch to using liquid natural gas oven dryers which reduced electricity use and the cost of production. Similarly, the installation of water monitoring systems helped to accurately monitor the company's consumption and to inform manufacturing optimisation.

Enterprise Resilience

6

+ The SEED-analysis revealed positive developments with regards to eco-inclusive SME resilience, adaptation and innovation during the pandemic. Most enterprises have been performing well, with 47% able to increase annual turnover, compared to 33% that experienced a reduced turnover. Most enterprises demonstrated improved digital transformation since the start of 2020. While a handful already included digital transformation as part of their pre-pandemic growth plans, the bulk of them digitalised their business operations and product offerings as a response to the *new normal*.

↻ Most enterprises were able to recover from the pandemic, but at the expense of making significant changes to their business models. In one case, a team had to completely alter their original business model to stay in business.³⁴ As many SMEs are in the developing and growth stage, financial inputs in the form of equity, debt, and grants are essential to ensure progress towards financial sustainability. As displayed above in the section on fundraising activities, enterprises experienced a 64% dip in

funds raised in 2020 compared to 2019. Surveyed SMEs estimated to take between 1 to 10+ months to recover their revenue in 2020 to pre-pandemic levels, with many still being in the recovery process. These findings are backed by an earlier SEED report that illustrated how micro, small and medium enterprises are particularly vulnerable to external shocks such as a pandemic, compared to more established private sector corporates.³⁵

☆ Increasing the availability and access to support focused on resilience building is essential to improve enterprise adaptability. As SEED's COVID-19 Resilience Workshops³⁶ highlighted, a combination of capacity building (workshops with toolkits) with financial support (grants) were effective in supporting enterprises during critical times. Grants received were channelled into resilience-related activities such as upgrading ICT capacities and improving existing machinery. Feedback from the workshops highlighted the need for more frequency of similar workshops and a stronger focus on digitalisation.

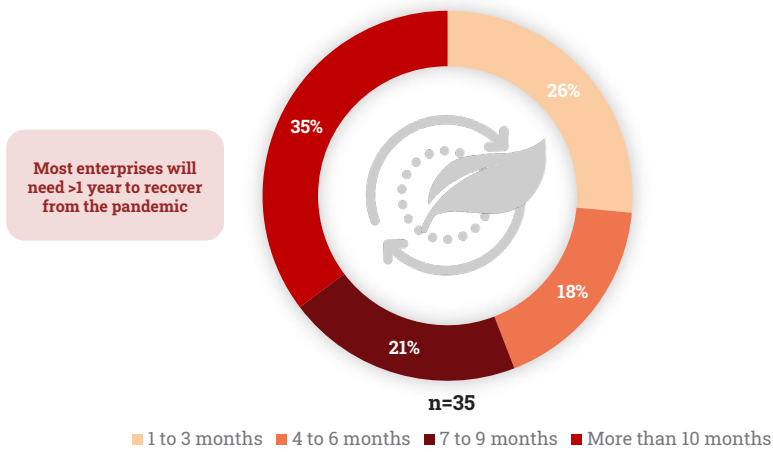
³⁴ This also mirrors the findings of an internal adelphi review on the impact of COVID-19 on green entrepreneurship (SEED Knowledge Exchange, Session 20.5.2021)

³⁵ SEED, 2020b

³⁶ SEED's COVID-19 Resilience Workshops were conducted between March 2021 to provide additional support to eco-inclusive enterprises in Malawi, Zambia and Zimbabwe.

Green and Social Enterprises as Resilience Builders: Numbers & Facts

Time to recover revenue to the same level as pre-pandemic



3. GREEN RECOVERY SUPPORT PROGRAMMES SERVING GREEN AND SOCIAL ENTERPRISES

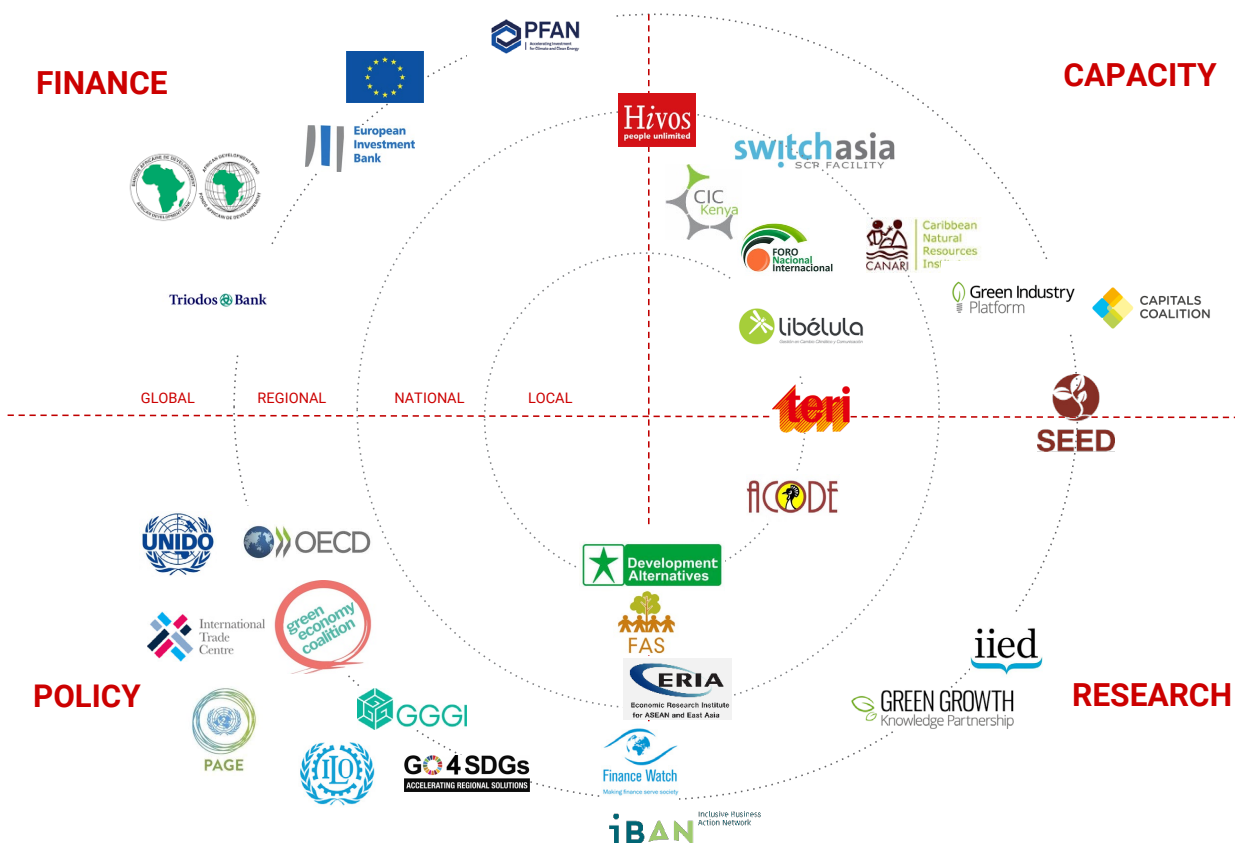
In order to support eco-inclusive SMEs to boost their green recovery contributions, policy makers and intermediaries provide a range of proven support options, including different support programmes. Specific support options which are customised to serve the needs of SMEs are important contributions to green recovery as they help SMEs overcome challenges and take advantage of green recovery opportunities.

SEED interviewed 15 organisations including policy makers and intermediaries, who provide important support programmes for SMEs. The following section highlights their contributions, and outlines the current landscape of support programmes for eco-inclusive SMEs, in order to highlight strengths and weaknesses, and define concrete recommendations for the future.

3.1. The Landscape of Support Programmes Serving Green and Social Enterprises

There is a growing number of eco-inclusive SME support options on the market across different institutional levels. Interviewed stakeholders offer enterprise support programmes in four different broad support areas: Finance, Capacity, Policy, and Research. Furthermore, these programmes each have a different reach, as they are being implemented locally, nationally, regionally or globally.

Universe of Green Recovery Support Programmes



NB: This map is not exhaustive but is illustrative of organisations engaging in the green and social entrepreneurship space

Specific programmes and organisations tend to also have different sectorial or thematic focus areas, such as youth employment, women entrepreneurship, economic recovery research and COVID-response.

Who's doing what?³⁷

Types of Support Options in the Green and Social Enterprise Ecosystem

	CAPACITY	FINANCE	POLICY	RESEARCH
GLOBAL	<p>Capitals Coalition supporting SMEs with tools for natural capital. 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; SME policy briefs; UNIDO: SME policy guidance; ITC Trade/WTO discussion focusing 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-Triadodos Fund for small businesses & MFIs; iBan inclusive businesses investment readiness support; national inclusive business policy strategies development</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 ERIA focused research on comprehensive green recovery in the light of COVID-19, and green jobs</p>
NATIONAL	<p>Hivos: Women entrepreneurship support programme; UNIDO: SA Youth Entrepreneurship Support Programme; TERI: Waste-to-value business model building; Libelula building green SME networks; KCIC: incubation, capacity building and financing options to create green jobs</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 adopt cleaner production</p>		<p>Hivos supporting CSO voice in policy.</p>	

³⁷ The table below gives an overview and teaser of support programmes implemented by policy makers and intermediaries consulted. It therefore doesn't capture an overview of government led national level programmes. Some great examples however can be also found here: <https://greeneconomytracker.org>

3.2. Analysis of Green Recovery Contributions of Support Programmes

In their efforts of working towards a sustainable and inclusive green recovery, policy makers and intermediaries have historically been providing numerous support programmes for eco-inclusive SMEs, and these tend to have continued or have been amplified since the beginning of the pandemic. Given the timeframes at play, there is a lack of clear data on how these programmes are contributing to green recovery, leading to a lack of clear solutions to existing programme gaps the absence of a benchmark for more ambitious programmes. In this context, a policy and intermediary assessment

was carried out to develop an aggregated big picture view, to define the overall scope of enterprise support programmes, and to give room to expand the ambitions. Ultimately, the assessment gathers in-depth insights from key stakeholders to shed light on the Green Recovery Nexus (Chapter 1.2), specifically on how eco-inclusive SMEs contribute to green recovery policy goals.

See [Green Recovery-Green SME Nexus Assessment](#) on the following page.

3.3. Overarching Constraints within the Existing Support Programmes

Existing gaps need to be understood in the context of overarching constraints of the eco-inclusive SME sector. These gaps limit green recovery contributions of existing programmes and of eco-inclusive SMEs in general.

Gaps can be categorised around four broad themes:

Missing recognition of green and social enterprises overall: There are ongoing gaps in data and evidence and shared definitions or taxonomies to classify impact-driven SMEs. This results in a lack of targeted programmes overall and in many larger green recovery support programmes more specifically, hindering their potential and growth.

























Complex and heterogeneous sector: Implementing green recovery programmes targeting eco-inclusive SMEs requires decentralised and localised interventions to reach marginalised or rural actors. Customising support options to SMEs between formal and informal sectors and/or with varying needs, requires a high level of flexibility and ingenuity by support providers. Support programmes with the ambition to tailor their intervention often struggle with these complexities due to lack of local knowledge and networks.

Limited dedicated financial support schemes available: Many support programmes try to facilitate access to finance, but find it difficult to identify relevant finance vehicles and instruments. Blended finance is bringing in more capital to eco-inclusive SMEs, but these funds only represent a fraction of the funding needed. Government funds and domestic capital have the potential to reach and grow eco-inclusive SMEs, but these actors are not yet mainstreaming finance. This gap is exacerbated within many national-level government lead green recovery stimulus packages, where national governments beyond that still fail to integrate SMEs in existing public procurement procedures. Challenges such as financial regulations and a lack of capital relative to needs are shaping if and how financial products can address finance gaps going forward.

Limited digital literacy and infrastructure: Even though many support programmes are now offered digitally, many programmes reported a limited level of digital literacy and infrastructure within their own organisations. This gap is mirrored in SMEs. At the same time, this situation has presented an opportunity for many to test new approaches, and has presented a steep learning curve for many programme providers.



Green Recovery-Green SME Nexus Assessment

Green Recovery Nexus		Contribution	Key Takeaways	Existing Gaps	Recommendations
The What: Expected Overall Impact of the Programme Measures					
Support Green and Inclusive Growth	 Green Economic Opportunities (jobs, growth)		Many direct SME support programmes support job creation & skills development	Green jobs creation is often only indirectly supported and therefore difficult to track along value chains	Improve tracking and measurement of indirect and direct green job creation along SMEs value chains
	 Social Inclusion		Many programmes contribute to gender and youth empowerment	Underserved groups are not often not a dedicated focus in green enterprise support programmes	Prioritised & targeted inclusion structures for marginalised groups
	 Efficient & Sustainable Resource Use		Most programmes focus on efficient and sustainable resource use, supporting SMEs in eco-innovation and applying efficient and sustainable resources	Insufficient finance for the uptake of green technologies among SMEs	Integrate the mobilisation of finance as a critical component in all green enterprise support programmes
	 Natural Capital Protection		Many programmes contribute only indirectly to natural capital protection, and only few MSMEs contribute to ecosystem and forest protection	Not enough priority given to natural capital protection in green SME programmes	Demonstrate green SMEs' natural capital protection performance to make the business case for nature
Covid-19 add-ons	 Digital Transformation of the Private Sector and its Beneficiaries		Some programmes make use of digital tools, platforms and environments to deliver remote enterprise support and track the impact of green enterprises	Green SMEs still struggle with the use of digital platforms and developing digital skills is not the main focus of programmes	Offering support that helps enterprise upskill digitally, to enhance resilience and accelerate their impact
	 Building Resilience for Future Shocks		Many programmes focus on supporting women, unemployed, informal workers by providing skills in heavily affected sectors	Resilience building is not yet fully understood and only seen as a co-benefit or short-term recovery	Address resilience building at the core by looking at the medium- and long term perspective
The How: Design Considerations of the Programme Measures					
	 Engaging SMEs		Most programmes target SMEs with green business models or which are currently going green and inclusive	A dedicated SME focus is missing, rather than a focus on the private sector in general or larger enterprises	Building on the success of existing SME programmes getting new actors to the sector on board
	 Targeting COVID-19 Impacted Sectors / Populations		Many programmes tailor their programmes and try to understand which groups and populations within their scope are most affected by COVID-19	Some programmes miss including COVID-19 as an important factor	Integrate a post-COVID-19 perspective in all existing programmes to make their support structure COVID-19 proof
	 Short Implementation Timeline		Although many programmes at the policy level have longer implementation timelines, all programmes have a short term timeline that delivers immediate impact through concrete activities.	Deficiencies in demonstrating the full-scale of green SME impacts due to short time frames and scaling trajectories	Private sector and SME approaches show the benefits to demonstrate quick impacts
	 Support Long Term Transformation towards a green and inclusive economy		Many programmes focus on generating multiplier effects, and engaging intermediaries and the wider ecosystem to sustain transformative effects at the ecosystem level	Competing interests, government priorities and agendas hinder building an enabling ecosystem for SMEs	Create cascading effects by combining bottom-up micro-perspective and top-down macro-economic approaches, targeting upper stream policy makers and downstream economies
	 High Economic Multiplier or Leverage Effect		Many programmes get green SMEs finance ready, tapping into existing facilities and financing networks to mobilise blended finance	Targeted financing facilities and vehicles for green SMEs are still very limited	Offer more direct unconditional financial assistance, guarantees or zero interest loans for green SMEs to incentivize investments and support growth
	 High Employment Intensity		Many programmes directly or indirectly target the creation of formal and informal employment along the SME value chain	Since employment creation is a long process, tracking employment effects is difficult	Create a framework and methodology to trace green SMEs job creation effects and to quantify short and long term impacts
	 Support Skills Development for Green and Inclusive Growth		Most programmes provide comprehensive skills development for green SMEs including tools, manuals and tailored advisory while building intermediaries' capacities	Skills building should focus on multiple requirements at the technical, business, organisational and governance level	Tailor skills development programmes to the needs of green SMEs, merging business and technical topics
	 Strengthen Supply Chains/ Value Chains at national or global level		Focusing on the countries priority sectors, many programmes focus on greening and developing value chains and integrating green SMEs to build their access to market	Strengthening value chains and connecting green SMEs to larger value chains is complex and often requires a lot of ground work with multiple actors	Identify key value chains at country levels where the integration of green SMEs has great potential from an economic, social and environmental perspective
	 Strengthen Cooperation and Coordination		Most programmes bring multiple stakeholder groups across different countries together to strengthen partnerships across sectors	A common green recovery narrative that connects actors under one umbrella is still missing	Create dedicated platforms to connect green SMEs working locally and policy actors working nationally and globally
	 Coherent and Support Existing National and International Green and Inclusive Agendas		Most programmes demonstrate dedicated contributions to the SDGs and the NDCs, complementing national agendas and leveraging synergies with other private sector projects	Alignment of support programmes working across multiple countries or regions remains challenging	Support the localization of global agendas, in particular the NDCs, to strengthen green SME stakeholders

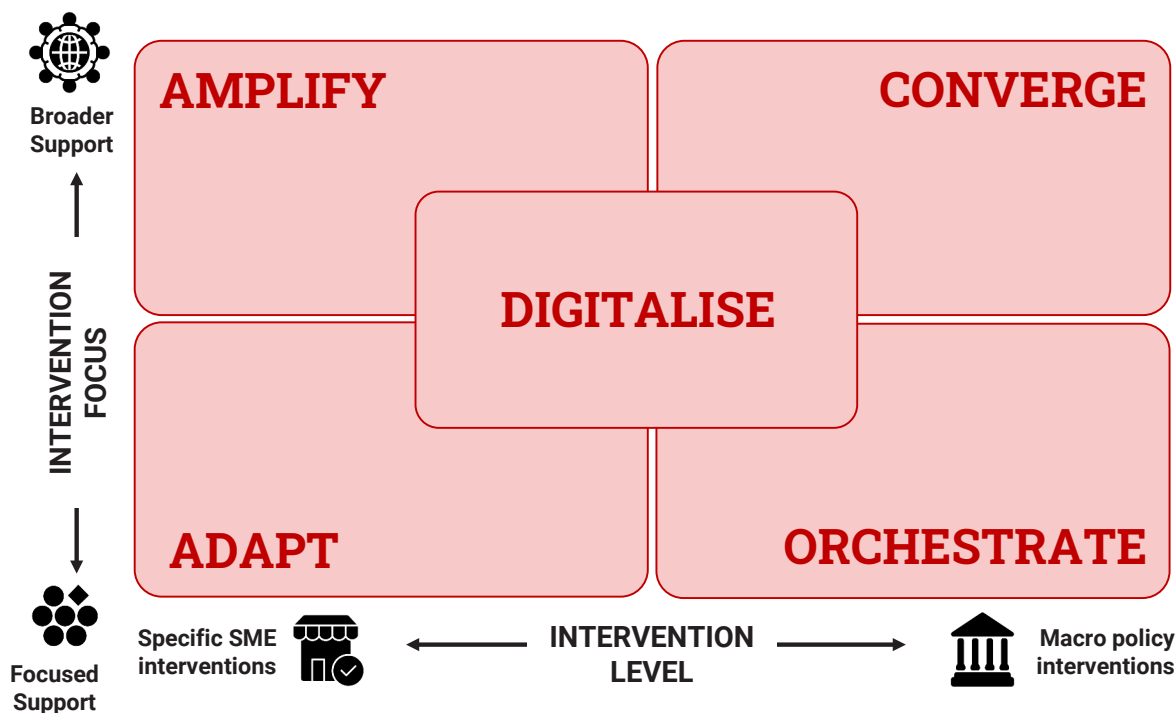
 Weaker  Good  Very good

Despite the pandemic, green MSMEs were able to provide important contributions to green recovery

4. FUTURE PATHWAYS TO CLOSE THE GAPS

Based on the support approaches applied by different support programmes, SEED has identified five different pathways that ecosystem actors applied to improve the integration of green recovery aspects while targeting the needs of eco-inclusive SMEs. The five different pathways differ in their focus and intervention level.

Pathways of Green Recovery Support Programmes



Intervention focus: Do organisations focus on providing specific support or implementing broader programmes?

Intervention level: Are organisations focused on providing specific SME support, or on broader macro-policy interventions?

ADAPT: Ecosystem actors focused on Adaptation follow an “SME first” approach and often build on a holistic programme portfolio. These ecosystem actors adapted their approaches to specific green recovery needs and realities, making them more flexible and accommodating to the changing context of SMEs. These actors build on their existing „off-the-shelf” programmes and in-house expertise making them widely accessible. They combined their existing support programmes with a high level of green recovery relevance with additional customised support services for eco-inclusive SMEs.

Gaps targeted: Pioneering new approaches to serve eco-inclusive SMEs that face critical challenges, and blending existing programmes with green recovery-specific requirements

Pathway strategy applied by: KCIC, Development Alternatives, UNEP Eco-Innovation

AMPLIFY: Ecosystem actors focused on Amplification can equally build on their existing SME programmes, but they don’t tailor their existing non-financial support to green recovery as much as their peers. They use their knowledge and tools integrating a green recovery perspective, while providing more traditional non-financial support. Their programmes can benefit from existing metrics like jobs created, financing facilitated and GHG emissions reduced. Amplify ecosystem actors demonstrate a very hands-on approach to eco-inclusive SME support without putting too much focus on the green recovery agenda.

Gaps targeted: Provide technical assistance to eco-inclusive SMEs while adjusting their programmes to overall green recovery priorities

Pathway strategy applied by: PFAN, Hivos

DIGITALISE: This category includes ecosystem actors who digitalised their support delivery to make their support services more accessible. Almost all actors moved to the use of digital technologies and started to develop digital tools to support SMEs and to overcome infrastructure constraints. This pathway “disrupted” traditional human-centric support approaches and caused ecosystem actors to completely rethink their overall programme design and intervention approach. In many instances, ecosystem actors developed virtual meeting and learning environments to continue with the implementation of their programmes.

Gaps targeted: Making support accessible in the light of lockdowns, travel restrictions and infrastructure constraints

Pathway strategy applied by: almost all organisations

ORCHESTRATE: Ecosystem actors focusing on macro-policy interventions used their existing tools, green economy and SME expertise to tailor their support programmes to the arising green recovery agenda. As opposed to other pathways, the orchestrators tailored their approaches towards green recovery relying on their existing knowledge base on related topics. Their support approaches build on existing programmes within specific green recovery-related sectors. Orchestrate pathways could easily adjust their programmes due to the existing knowledge and position in the ecosystem.

Gaps targeted: Developing narratives, tools and frameworks that demonstrate the linkage between eco-inclusive SMEs and green recovery

Pathway strategy applied by: GEC, GGGI, GGKP

CONVERGE: Ecosystem actors following converge pathways blend different macro-policy support options to serve eco-inclusive SMEs. Those actors build on their relationships with multiple stakeholders and intermediaries including governments, business associations and research institutions. Building on their advocacy expertise and their work with intermediaries they integrate green recovery aspects in sector-specific SME support programmes or tools for policy makers. Ecosystem actors following this path, often target SMEs indirectly and often serve broader sectors and stakeholders. In order to do so, convergers often use existing mid- and long-term programmes to mainstream green recovery considerations, and the actors they focus on go well beyond eco-inclusive SMEs.

Gaps targeted: Working with intermediaries, business associations and research institutions showcasing the potential of eco-inclusive SMEs towards governments using national, regional and international green recovery platforms

Pathway strategy applied by: UN-PAGE, OECD, GO4SDGs, IBAN



5. RECOMMENDATIONS FOR ACTION ON THE PATHWAYS

In the light of the demonstrated positive contributions of eco-inclusive SMEs, as well as sizeable potential in contributing to green recovery, this chapter provides concrete recommendations for action by different stakeholders to bring about positive change. This report demonstrated the critical role of enterprise support programmes implemented by policy makers and intermediaries working at the national, regional and global level. **Governments, finance institutions, donors** each play a distinct role in enabling these programmes to scale their efforts further maximising the impact of eco-inclusive enterprises. This section describes how—through coordinated efforts—these entities can support a green recovery driven by eco-inclusive enterprises. These recommendations may serve as hands-on guidance on how to better support the future pathways to green recovery:

Pathway: **ADAPT**



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GOVERNMENTS

Provide financial support to locally rooted programmes that pioneer holistic new approaches to serve eco-inclusive SMEs

Work with intermediaries to expand existing government subsidies or support programmes making sure that underserved areas are reached and the needs of eco-inclusive SMEs are integrated

Pathway: **AMPLIFY**



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GOVERNMENTS

Dedicate larger scale financial support for the uptake of green recovery private sector support programmes that provide holistic assistance for eco-inclusive SMEs at the different stages of development

Actively engage with existing green recovery support programmes using them as platforms to engage more proactively in public-private dialogues

Pathway: **DIGITALISE**



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GOVERNMENTS

Provide targeted financial support to support new digital scalable approaches

Prioritise digital infrastructure building making sure that support programmes can serve and reach eco-inclusive SMEs and their beneficiaries

Pathway: **ORCHESTRATE**



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GOVERNMENTS

Foster impact studies and gather data as evidence on green and social SMEs impact potentials, to give eco-inclusive SMEs more recognition and opportunities in larger green recovery support programmes which increases their potential and boosts growth

Engage in the collection and dissemination of green recovery market data supporting the overall evidence gathering that is valuable to the ecosystem and eco-inclusive SMEs

Pathway: **CONVERGE**



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GOVERNMENTS

Support the development of a green recovery taxonomy that integrates the perspectives of eco-inclusive SMEs fostering their overall recognition in the green recovery context

Ensure recovery schemes leverage lessons from existing enterprise support programmes, to reduce barriers faced by SMEs to access and benefit from the schemes.



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