# ECO-INCLUSIVE ENTERPRISES: FORERUNNERS IN ADVANCING THE SDGs

SEED SDG Impact Snapshot


SEED
promoting entrepreneurship for sustainable development

Established by
UN environment programme
UNDP
IUCN

Funded by
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety
Flanders State of the Art

Hosted by
adelphi

# About SEED and this Impact Snapshot

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).

Our enterprise support programmes in Asia and Africa help small and growing enterprises with business development, capacity-building and training. Meanwhile, our ecosystem programmes focus on policy, financing and collaboration instruments that multiply the social, environmental and economic impact of entrepreneurship.

This report focuses on the social, economic, and ecological impacts of SEED-supported eco-inclusive enterprises and their contribution towards sustainable development and a green economy within the SDG framework.

# TABLE OF CONTENTS



# 1. EXECUTIVE SUMMARY: SEED-SUPPORTED ECO-INCLUSIVE ENTERPRISES AND THE SDGs

The COVID-19 pandemic has taken much attention away from the Sustainable Development Goals (SDGs), as governments have prioritised protecting lives and livelihoods. The health- and resulting economic crisis coincide with the increasingly urgent fight against climate change and thus creates an opportunity to develop a more ambitious green-inclusive focus in recovery agendas. Micro, small and medium-sized enterprises (MSMEs) are among stakeholders heavily affected by the crisis. But they equally are and will demonstrate their relevance in driving development and employment in the post-pandemic recovery. SMEs account for 90% of registered firms worldwide, provide 50% of the jobs, and contribute well over 35% towards the GDP of emerging economies (WBG 2017). Such enterprises, which apply and promote green-technologies while including low-income people in their value chain as employees, suppliers, distributors or consumers, promise even deeper and wider eco-inclusive impacts. These 'eco-inclusive enterprises' -as SEED calls them- contribute significantly to the social, environmental and economic empowerment of 5.2 billion people worldwide at the bottom of the pyramid. This report sheds light on their impact promise in view of the SDGs.

**Defining the key SDG contributions of eco-inclusive enterprises:** Our enterprise impact data and analysis identifies a contribution to 14 SDGs[1] overall and profiles 6 SDGs where eco-inclusive enterprises provide a critical contribution. Each of these specific SDG contributions demonstrates the key role of eco-inclusive MSMEs in emerging and developing economies. They fight poverty, provide decent jobs and offer relevant training to underserved communities, including women, youth and people at the bottom of the pyramid (BoP). By selling and promoting green products and services, they contribute towards inclusive economic growth and sustainable consumption and production. By curbing carbon emissions, applying green technologies, preserving and practicing sustainable land management and agriculture, they are at the frontline of climate action while unlocking more affordable and reliable clean energy. Our analysis shows that most of the enterprises directly and immediately impact the SDG targets as part of their core business, making them key actors in advancing the SDGs, and their nationally linked Nationally Determined Contributions (NDCs). A fact that we should not lose sight off as we start rebuilding economies post COVID-19.

**A Roadmap for Action:** This snapshot helps to reveal the versatility of the impact of eco-inclusive enterprises. It also helps to clarify where there is the biggest potential for their SDG contributions. Each enterprise independent from being micro, small, medium or large in size has a significant impact potential. To unleash the potential of eco-inclusive enterprises driving inclusive and green growth, we need to continue to refine and scale a wide variety of enterprise support measures and programmes. There is no silver bullet to support impact at scale. Rather, the solution lies in creating a diverse, robust set of measures along the ecosystem of eco-inclusive enterprises to support them at different stages of their impact journeys.

*1 SEED supported eco-inclusive enterprises contribute to most of the SDGs, besides SDG 3, 14, 16, 17.*

# 2. ECO-INCLUSIVE ENTERPRISES: FORERUNNERS IN ADVANCING THE SDGs

## What does an average SEED-supported eco-inclusive enterprise look like?

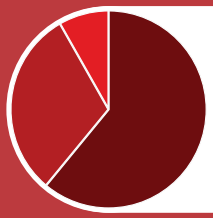
SEED-supported enterprises have a varying impact given their life cycle and stage of development. The majority of SEED supported enterprises are micro enterprises employing 5 people, and reaching 846 beneficiaries. Most of them find themselves in a development stage (53%), the stage at which their idea has been tested, their customer base is expanding and their business model is being consolidated. The employment rate goes up significantly for small or medium enterprise, illustrating the employment potential of enterprises that grow and scale. The potential climate change impact of micro scale enterprises is significant: on average, a micro enterprise saves around 602 tonnes of GHG emissions, the equivalent of 92.5 homes' electricity use for one year (EPA 2018). Meanwhile, a small enterprise saves around 767 tonnes of GHG emissions, while a medium enterprise saves 7 to 8 times more; around 4,140 tonnes of GHG emissions or the equivalent of 811 passenger vehicles driven for one year (EPA 2018) (Figure 1). Reach of enterprises also goes up as they grow; an average small enterprise reaches 5179 beneficiaries and a medium 17,714 beneficiaries. The average financing need is variable across stages and enterprises, but lower for micro enterprises. An in-depth look into the profile of eco-inclusive enterprises demonstrates that the impact potential of enterprises significantly increases along their development life cycle. All SEED supported enterprises have started as a micro-enterprise and many became or are becoming small or medium size enterprises over time, accelerating their social and environmental impact.

### SEED-supported Eco-inclusive Enterprise Profile

| Size | Number of employees on average[1] | Number of beneficiaries at the base of the pyramid on average[2] | Average annual financing need (USD)[3] | Annual GHG emissions saved (tonnes)[4] | Share of enterprise in specific life cycle stages (highest share only in percent) |
|---|---|---|---|---|---|
| **Micro** | 5 | 846 | 35,000-90,000 | 602 | 53% of the enterprises are at the development stage |
| **Small** | 21 | 5,179 | 20,000-290,000 | 767 | 44% of the enterprises are at growtih stage |
| **Medium** | 226 | 17,714 | 16,000-230,000 | 4,140 | 43% of the enterprises are at growth stage |

**Definition**

**Micro-enterprises:** 1-10 people
**Small-enterprises:** 11-49 people
**Medium-enterprises:** more than 49 people



**Share of survey respondents**

**Micro-enterprises:** 53.81%
**Small-enterprises:** 27%
**Medium-enterprises:** 7.12%

1 micro n=56, small n=36, medium n=125 2 micro n=490, small n=280, medium n=72 3 micro n=309, small n=145, medium n=39 4 micro n=27, small n=14, medium n=1

*Figure 1. An average SEED-supported eco-inclusive enterprise*

# Enterprise Spotlight: **Ziweto**

## Improving the rural livestock value chain through affordable veterinarian services

Lilongwe, Malawi

SEED Africa Award Winner 2016

Ziweto provides smallholder farmers with veterinarian services through a network of franchise shops in remote rural areas. The franchises also offer trainings on sustainable animal husbandry and facilitate the smallholders' market access as intermediaries.

By improving the productivity of the livestock value chain, Ziweto creates many positive impacts including stable and decent employment and increased livestock productivity of local farmers, while promoting sustainable practices in large areas given by the reduction in the use of chemical fertilisers and decreased negative effects from the use of conventional antibiotics.

In 2016, Ziweto was selected as a SEED Africa Award Winner and recently, was able to raise significant funds that will help the enterprise to scale-up and achieve their full impact potential. The enterprise has received in total $100.000 from the Malawi Innovation Challenge Fund and the African Development Bank. All this, despite the many challenges that the enterprise had to overcome, such as lack of collateral due to target investors not being located in the country. Participation in trainings, incubation and mentorships, including the SEED awards, facilitated Ziweto's investment readiness, and will allow them to continue and increase their positive impact in their community.

### Environmental Impact

Together with their beneficiaries, 1,000 ha of land were under sustainable management in 2018, decreasing the negative impacts of conventional practices

### Social Impact

- Offered 114 jobs in 2018 (79% BoP and 44% women)
- Served 10,000 people in 2018, out of which 9,800 are at the BoP

# What impact do SEED-supported eco-inclusive enterprise's activities have on SDG targets?

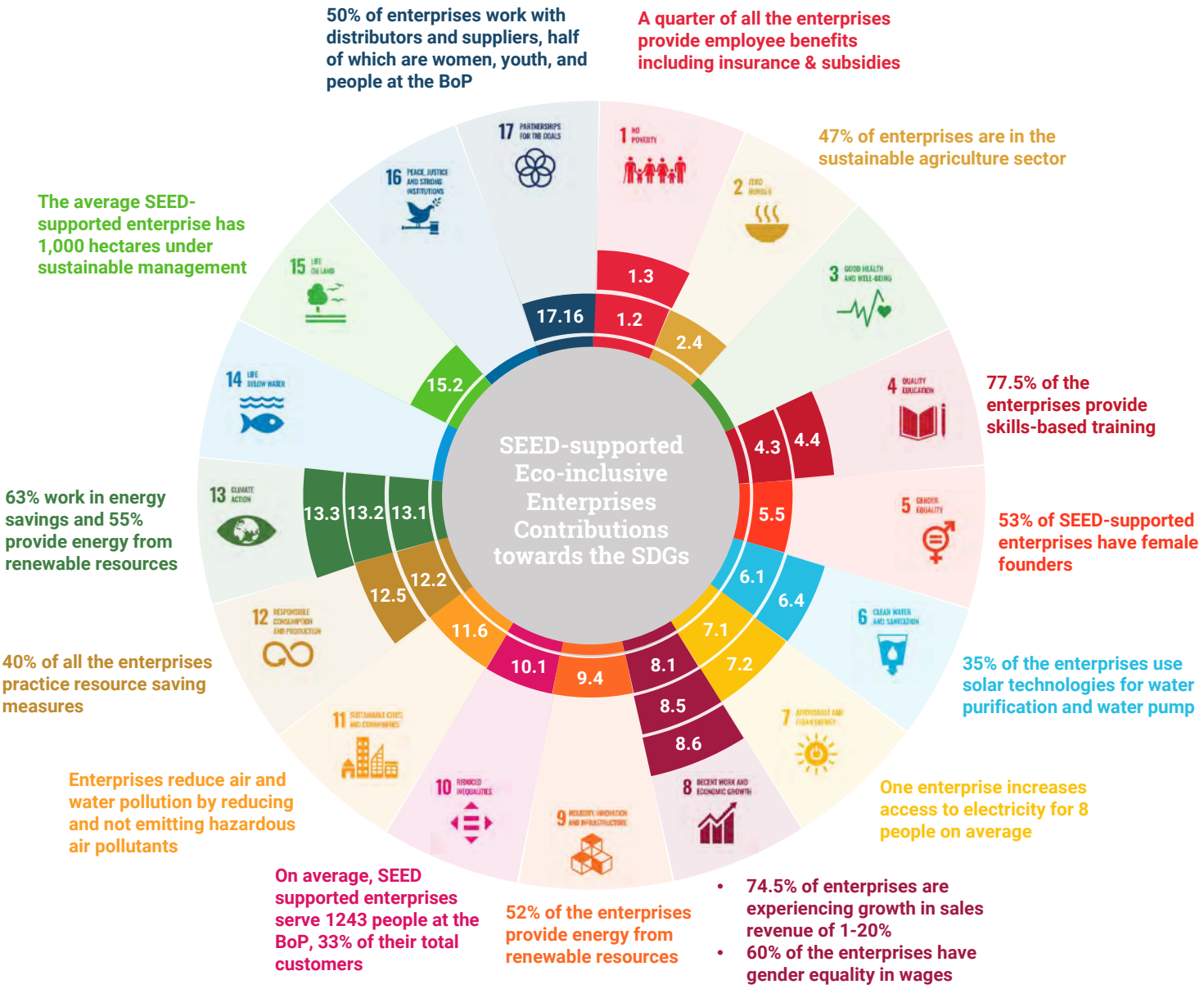



*Figure 2. SEED-supported eco-inclusive enterprises contributions towards the SDGs*

SEED-supported eco-inclusive enterprises advance at least 14[2] of the 17 SDGs and contribute towards 23 SDG targets (Figure 2). In this report, SEED-supported eco-inclusive enterprises' positive impact towards advancing the SDGs is categorised in terms of direct and indirect positive impact. Our analysis shows that most of the enterprises have a direct positive impact, meaning they directly and immediately impact the SDG targets. Whereas, indirect impact means their impact is long term with less direct causation. The level of impact is also categorised into high, medium, or low impact[3] with high meaning that a significant number of enterprises in the sample impact that goal (Figure 3).

*2 This report does not analyse the interlinkages between the SDGs, or define the levels of indirect impact that meeting one SDG has on the others, and therefore the indirect inter-linked impacts may be beyond 14 SDGs.*

*3 This report assesses the contribution of eco-inclusive enterprises towards the specific SDG targets on a range from high, medium or low. In order to develop this range this report analysed the impact potential of all surveyed eco-inclusive enterprises and classified them with high when >60% or 193 to 289 enterprises contributed to a specific SDG target, medium when 30-60% or 96 to 192 enterprises contributed to a specific SDG target or low when <30% or 1-95 enterprises contributed to a target (Annex 2).*

**SEED-supported Eco-inclusive Enterprises Activity and their Impact on SDG Targets**


*Figure 3. SEED-supported eco-inclusive enterprises activity and impact on the SDG targets*

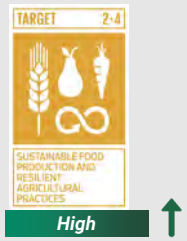
## SDG 1. End poverty in all its forms everywhere

**SDG 1 Contribution:** The contribution of SEED supported eco-inclusive enterprises to lowering poverty rates lies in contributions to economic growth, full and productive employment (see goal 8) and also in providing decent work, lifting hundreds of communities out of poverty as a result. SEED-supported eco-inclusive enterprises directly and positively contribute to SDG target 1.2 as they work with multiple stakeholders ranging from employees, distributors and suppliers. Most prominently these enterprises are highly active in engaging with youth, women, and people in the bottom of the socio-economic pyramid. One SEED-supported eco-inclusive enterprise has 28 employees on average, works with 85 distributors on average, and 132 suppliers (these can be individuals and local entrepreneurs). Around half of the enterprises work with people at the bottom of the pyramid as employees, distributors, and suppliers. Increasing employment in rural and poor communities and reducing poverty is a core part of these enterprises. This focus sees them directly contribute to SDG target 1.2 on halving poverty rates among poverty trapped men, women and children by 2030.

SEED-supported eco-inclusive enterprises also contribute to SDG target 1.3 in particular in their offering of social

benefits for their employees, contributing to advancing target 1.3 on implementing social protection systems. These enterprises are able to provide employee benefits even in a context with limited resources and size of operations. Around a quarter of all the sampled enterprises provide health insurance (15%), maternity/paternity leave and/or paid time off (20%), and education subsidies (16%). These social benefits ensure employees have appropriate social protection systems for personal health or work-injury, reasonable work hours, and access to education and are exemplary examples for other enterprises in their communities.

## SDG 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture




**Key Contribution**

- 47% of the SEED supported eco-inclusive enterprises in this survey are in the sustainable agriculture sector

**SDG 2 Contribution:** SEED supported eco-inclusive enterprises are located in many developing countries where the population is highly dependent on agriculture for their livelihood and income. Forty-seven percent of the SEED supported eco-inclusive enterprises or 138 enterprises in this survey are in the sustainable agriculture sector. They work on cultivating nutritious and organic produce, manufacture organic fertilisers, deliver agro-market insights and training services using affordable and accessible technology for their customers. In this way, these enterprise services contribute to a more productive local sustainable food production system. By cleaning up, restoring and respecting ecosystems they ensure their resilience to climate change impacts and natural disasters such as drought, and flooding.

## SDG 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

**SDG 4 Contribution:** The SDGs recognise the critical role of education in sustainable development which is interdependent on reducing poverty, raising income, health, gender equality, a better environment, and sustainable development. Employee training is essential in personal and enterprise development and the majority of SEED eco-inclusive enterprises focus on enhancing their employee's ability to effectively do their jobs. They provide affordable access to quality technical and vocational training for marginalised communities such as youth, people at the bottom of the pyramid, and female employees.


**Key Contributions**

- 56% of the SEED-supported eco-inclusive enterprises offer environmental and social performance training
- 47% provide health and safety training
- 77.5% provide skills-based trainings which are job and professional training that enhances the employee's ability to accomplish their jobs and also increase the employee's employability options

Three out of four surveyed eco-inclusive enterprises offer skills-based training to employees and over half offer life-skills training- slightly more than mainstream MSMEs (Almeida et al. 2015). Life skills training includes problem-solving, communication and interpersonal skills, time and financial management, and soft skills learning. Over half (56%) of the surveyed enterprises also offer environmental and social performance training and around half (47%) provide health and safety training. Environmental performance training refers to capacity building in practices in environmental caretaking, both within the professional and private context. Social performance training refers to achieving the organisation's social goals and creating value for clients. Examples of this type of training include: good practices for payment collection; gender sensitivity training and handling client complaints appropriately. The supplementary training assists with higher work productivity, improves employee prospects in personal development and social integration (ILO 2020) in line with SDG target 4.3 (Figure. 4). Providing access to vocational training does not only benefit employees but also employers. Employees are able to increase their contribution to the enterprise, and the enterprise's performance and its survival chances thus increase (Accounts and Legal 2017; UKCES 2010).

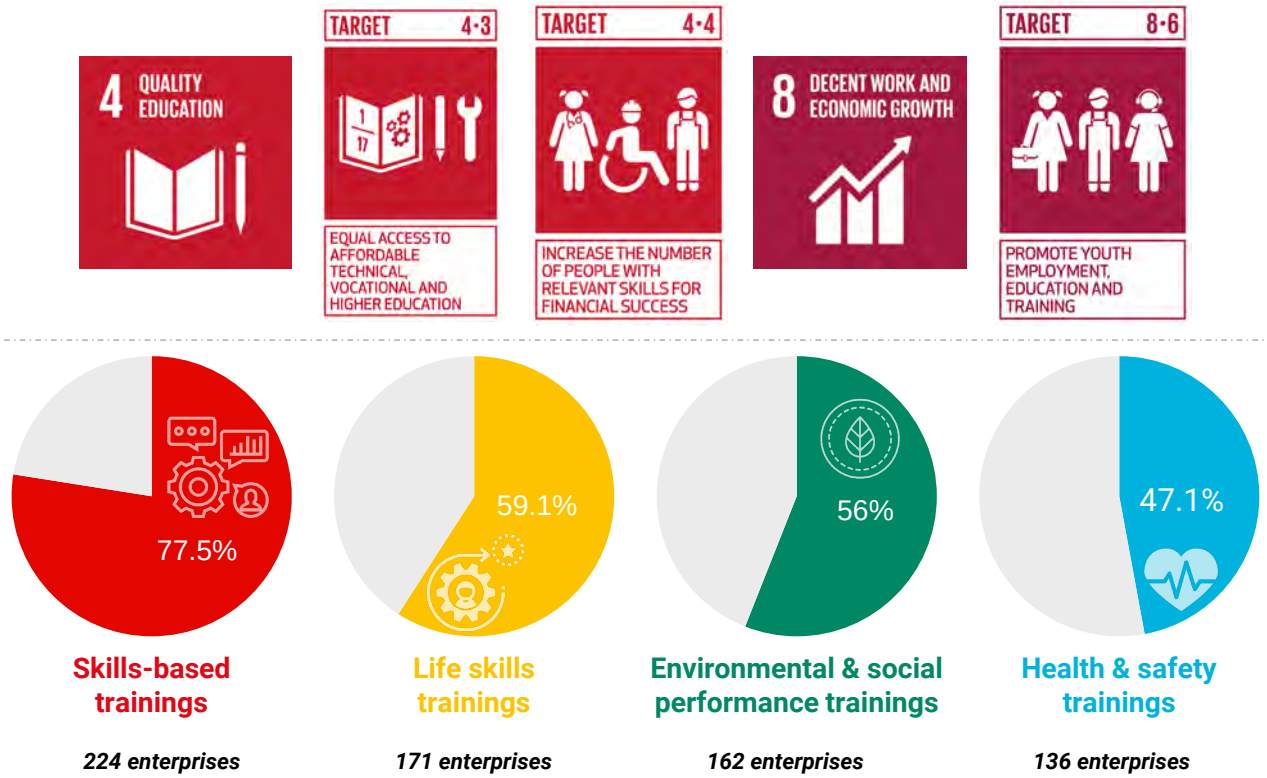
SDG target 4.4 aims to substantially increase the number of skilled global youth and adults, including an increase in technical and vocational skills. Almost half of the enterprises contribute to this youth training target; half of the surveyed enterprises employ youth, with an average of 12 youth employed. Half also have youth in managerial positions.

## SDG 5. Achieve gender equality and empower all women and girls

**SDG 5 Contribution:** SDG target 5.5 aims at women's equal opportunities for leadership at all levels of economic life. Over half of SEED-supported eco-inclusive enterprises have women in leadership roles. While women represent 39% of world employment, only 27% of managerial positions in the world were occupied by women in 2018 (UNECOSOC 2019).

# Training of Employees

***In line with SDG 4 and SDG 8, employee training is essential in personal and enterprise development and the majority of SEED eco-inclusive enterprises focus on enhancing their employee' s ability to effectively do their jobs.***




**Skill-based trainings refer to enhancing the employee's ability to do his/her job effectively.*
**Life skills trainings such as decision-making and problem-solving, communication and interpersonal skills, time management, and money management.*

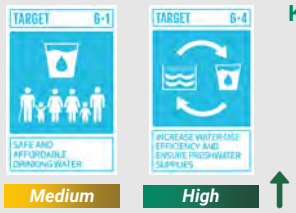
*Figure 4. Training of employees which contributes to quality education, decent work, and economic growth*


**Key Contribution**

- 53% of the surveyed SEED-supported eco-inclusive enterprises are women-led which succeeds in achieving SDG target 5.5 in ensuring women's equal opportunities for leadership at all levels of economic life

The proportion of women in management has increased since 2000 in all regions except in the least developed countries (UNECOSOC 2019). SEED-supported eco-inclusive enterprises, therefore, are first-movers in increasing women's roles in management in the least developed countries. Researchers have shown that women's economic empowerment through female leadership boosts productivity, increases economic diversification, and income equality (IMF 2018). Empowering women in the economy and closing gender gaps can be achieved by putting women in leadership positions (Kuruvilla and George 2020). 53% of surveyed SEED-supported eco-inclusive enterprises are women-led, meaning that women have ownership of the enterprise and have decision-making power to develop their enterprises. Hence, these enterprises are exemplary when it comes to women empowerment.

## SDG 6. Ensure availability and sustainable management of water and sanitation for all




**Key Contributions**

- 35% of the SEED-supported eco-inclusive enterprises use solar technologies for water purification and water pumps

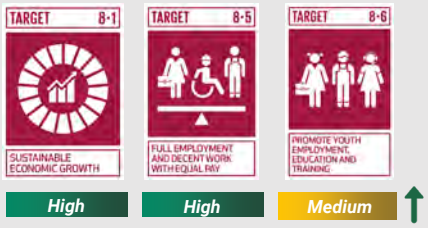
**SDG 6 Contribution:** SEED-supported eco-inclusive enterprises contribute to achieving universal and equitable access to safe and affordable drinking water for all by manufacturing, producing, distributing, and using solar technologies for water purification, water pumps and water-use efficiency technology. Although there is a small percentage (7%) of WASH sector enterprises surveyed here, their contribution to providing safe and affordable drinking water is significant with 35% of enterprises using solar technologies for water purification and water pumps. Twenty-seven percent of the SEED-supported eco-inclusive enterprises use other water related technologies for efficiency, purification, and pumping. These

enterprises not only provide water access solutions, but also make sure they do so in a climate-smart and resource efficient way.

Water-use efficiency with SEED-supported enterprises is also high. Fifty-six enterprises contribute to saving 7,129 cubic meters; the equivalent of 466 Ugandans' water use in one year (National Water and Sewerage Corporation 2018). In this way, enterprises have great potential to reduce the number of people suffering from water scarcity. There are 21 enterprises in the WASH sector in total in this survey with 15 enterprises practicing water savings in addition to providing affordable water to their consumers.

## SDG 7. Ensure access to affordable, reliable, sustainable and modern energy for all

**SDG 7 Contribution:** Our survey identified 57 enterprises from the clean energy sector serving 446 customers in four countries (Kenya, Uganda, Zambia, and Zimbabwe). Further analysis shows that on average, one SEED-supported eco-inclusive enterprise increases access to electricity for eight people, thereby advancing SDG target 7.1 on universal access to modern energy. In addition, across all surveyed sectors, 28% of the enterprises enable access to modern energy services for cooking, heating, lighting, and entertainment. These surveyed eco-inclusive enterprises also contribute directly to increasing the share of renewable energy in the global energy mix as 52% provide energy from renewable resources, contributing directly to SDG target 7.2 on increasing the global percentage of renewable energy. Thirty-nine SEED-supported eco-inclusive enterprises generate 9335 kWh of energy from renewable sources through their activities, products or services of the enterprise, the equivalent to mitigating $CO_2$ emissions from 743 gallons of gasoline consumed or equivalent to one homes' electricity use for one year (EIA 2020; EPA 2020)(Figure. 5).




**Key Contributions**

- 74.5% of the SEED-supported eco-inclusive enterprises have growth in sales revenue of 1-20% which is 10% higher than other social enterprises that are not SEED-supported (Vandor & Leitner, 2018).
- 60% of the enterprises have gender equality in wages and promotional opportunities
- 50% employ youth employees with an average number of 12 youth employees per enterprise

## SDG 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

**SDG 8 Contribution:** The surveyed SEED-supported eco-inclusive enterprises are economically viable actors with decent profit margins and growth rates. In total, 74.5% of the enterprises are generating growth in sales revenue of between 1 and 20%. When comparing to social enterprises outside the SEED network, SEED-supported enterprise growth in revenue is 17% higher than other social enterprises; 57% of other social enterprises generate revenue (Vandor & Leitner, 2018). Further analysis of these statistics shows that 63% of the enterprises have growth in sales revenue between 1-10%, proving that small eco-inclusive enterprises are economically viable actors. Over half of the eco-inclusive enterprises that have been established for more than 10 years reported meeting their expectations alluding to the fact that eco-inclusive enterprises are not only capable of high growth annually but also have robust businesses in the long run. The growth in sales revenue contributes to economic growth in the least developed countries as all of the SEED-supported eco-inclusive enterprises operate in frontier markets. This growth in sales revenues contributes to SDG target 8.1 that aims to achieve 7% gross domestic product growth per annum in the least developed countries.

Moreover, these enterprises ensure that people from marginalised communities have equal employment opportunities and benefits, thus contributing to SDG target 8.5 and 8.6. SEED-supported eco-inclusive enterprises are contributing directly to this target, with 60% of enterprises having gender equality in wages and promotional opportunities.

In addition, SEED-supported eco-inclusive enterprises are increasing the proportion of youth in employment and training which is a key component of SDG target 8.7 that aims to reduce the proportion of youth not in employment, education or training by 2020. The indicators show that just below half (44%) of these enterprises have youth[4] in leadership positions. A quarter of these enterprises have young women in leadership positions. Almost half (48%) of the enterprises provide jobs for youth.

*4 Youth is defined in this report as people who are under 30 years of age in line with the Global Entrepreneur Monitor and the OECD/European Union (OECD/European Union 2019).*

Youth empowerment through skills-based training and access to eco-inclusive jobs is key for sustainable development in many developing countries, where youth unemployment is widespread, and whole generations risk falling into poverty traps. Rapid youth population growth is more pronounced in Sub-Saharan African countries with a projected youth increase of 42% by the target date of the SDGs in 2030 (UN 2015). The majority of the surveyed SEED-supported eco-inclusive enterprises are located in these countries. Surveyed enterprises have 50% youth employees, 41% youth distributors, and 40% youth suppliers - meaning that around half of the people that these enterprises work with are youth.

## SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation

**SDG 9 Contribution:** SEED-supported eco-inclusive enterprises play a strong role in advancing SDG target 9.4 by promoting resource-use efficiency and adopting or developing clean and environmentally sound technologies and industrial processes. In doing so, manufacturing and employing these innovative sustainable technologies contributes to economic prosperity and reduces income inequality. The enterprises promote resource-use efficiency within their business production chain and also in the services and products that they provide. Fourteen percent of SEED-supported eco-inclusive enterprises are in the green technologies sector directly contributing to SDG target 9.4. Beyond manufacturing and innovating resources-efficient technology, these eco-inclusive enterprises provide other green technologies and platforms. These include communication technologies to share agronomic practices or extend access to finance; e-commerce technology for sustainable consumption and transport; processor technologies converting agricultural waste into bioenergy, biodegradable goods production technology and mobile classroom infrastructures. Fifty-two percent of the surveyed SEED-supported eco-inclusive enterprises supply energy from renewable resources such as biodegradable natural materials which directly contributes to SDG target 9.4. Furthermore, these enterprises generate 9335 kWh of renewable energy per enterprise and a total of 360,000kWh which is equivalent to one South African's consumption of energy in 3 months (World data, 2020) (Figure 5).

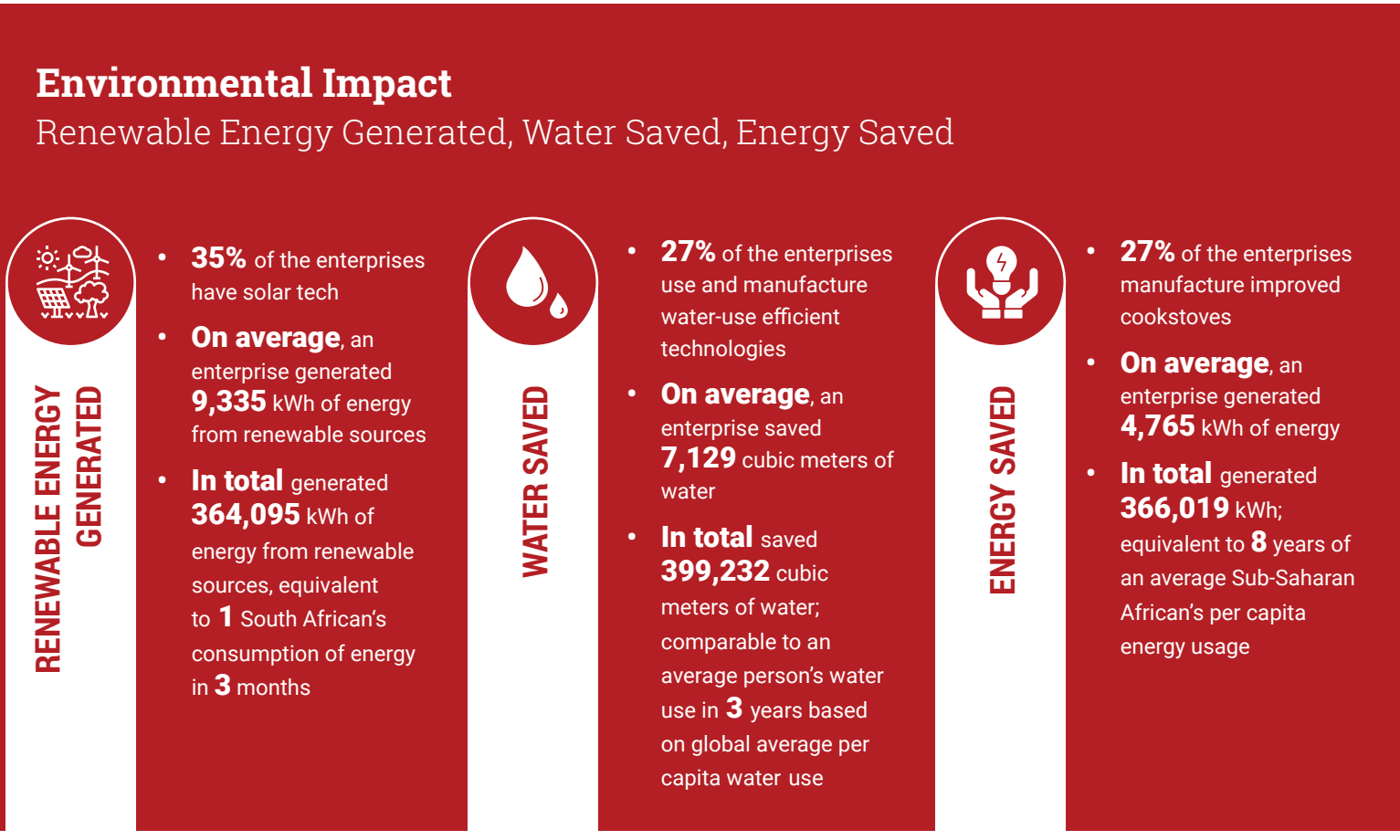



*Figure 5. Environmental impact: energy saved, renewable energy generated & water saved*

## SDG 10. Reduce inequality within and among countries


**Key Contribution**

- 44% of the SEED-supported eco-inclusive enterprise provide decent/green jobs
- 78% of the enterprises provide skills-based training which enhances the employee's ability to do his/her job effectively
- 33% of the jobs created are offered to people at the BoP and 42% of that employment goes to women

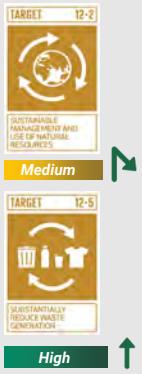
**SDG 10 Contribution:** When it comes to sustaining income growth among the economically disenfranchised, SEED-supported eco-inclusive enterprises are a key contributor as they hire, train, and prioritise inclusion as a part of their social objectives. In the process of providing better living prospects for marginalised communities, these enterprises are consequently creating green jobs. Green jobs are jobs that contribute to preserve or restore the environment, which includes the traditional manufacturing and construction sectors and emerging green sectors such as renewable energy and energy efficiency (ILO 2020). Ultimately green jobs help improve energy and raw materials efficiency (ILO 2020). 44% of enterprises provide decent/green jobs and 78% of them provide skills-based training to marginalised groups.

A key asset of eco-inclusive enterprises is their engagement with people at the bottom of the pyramid or the economically disenfranchised. Eco-inclusive enterprises generate local employment within their supply chain, as partners, suppliers and service procurers, and as direct employers. These employment opportunities mean jobs and training to marginalised groups, groups that are vulnerable to poverty. Women are routinely included in their businesses and value chain as suppliers, distributors and consumers. Thirty-three percent of the jobs created by our surveyed eco-inclusive enterprises is offered to people at the BoP and 42% of that employment goes to women. This paints a clear picture of how eco-inclusive enterprises reduce inequality and eliminate poverty as aimed at in SDG target 10.1 on income growth of the bottom 40 percent of the population.

## SDG 11. Make cities and human settlements inclusive, safe, resilient and sustainable

**SDG 11 Contribution:** SEED-supported eco-inclusive enterprises activities generate multiple resource management co-benefits, including a reduction in water and air pollution in rural and urban environments. In this way, they advance SDG target 11.6 that plans to reduce the adverse per capita environmental impact of cities, through the improvement of air quality (and related health) and municipal and other waste management. Of the SEED supported enterprises surveyed, they saved 391 kg of nitrogen oxides, 456 of particulate matter, 77 of dioxins, 246 sulfur oxides and 532 of hazardous air pollutants over 2018. The sum of nitrogen oxides, dioxins, and sulfur oxides is comparable to the amount of particulate air pollution from a wind turbine annual operation (EPA 2020). This way, they reduce water and air pollution while leading and fostering circular economy growth through waste management.

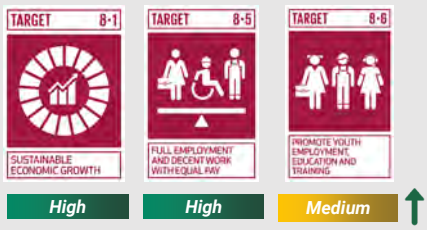
## SDG 12. Ensure sustainable consumption and production patterns




**Key Contributions**

- 40% of SEED-supported eco-inclusive enterprises practice resource saving measures such as paper saving (e.g. reduce printing, using paper on both sides) or water efficiency (e.g. water saving devices, regular maintenance to devices to prevent wastage)
- Both the WASH and the green technology sector has 66% of their enterprises that practice waste management as a core part of their manufacturing and products and services

**SDG 12 Contribution:** Responsible consumption and production is an activity that is integral to most SEED-supported eco-inclusive enterprises. They have adopted business models premised on up- and recycling, resource efficiency, ensuring valuable resources are not discarded but live on in innovative products and services. By adopting innovative and closed-loop business models, these enterprises lead on and contribute to more sustainable consumption and production. There are 29% of SEED-supported eco-inclusive enterprises active in the waste management sector. They indirectly contribute towards the SDG target 12.2 on achieving the sustainable management and efficient use of natural resources by implementing closed-loop business models whereby materials are recycled and resources are used efficiently. They contribute directly towards SDG target 12.5 on reducing waste generation through prevention, reduction, recycling and reuse. Interestingly while not in the waste sector, both green technology and WASH sector enterprises practice an above average level (at 66%) of waste management as a core part of their business activity, thereby contributing significantly to SDG target 12.5. Close to 40% of all surveyed enterprises practice resource saving measures such as paper saving (e.g. reduce printing, using paper on both sides) or water efficiency (e.g. water saving devices, regular maintenance to devices to prevent wastage). These waste management activities contribute to enterprises cumulatively recycling 163 thousand tonnes of materials. This amount of material recycled is comparable to 3,011 gallons of oil, or the yearly energy use of three households for one year (EPA 2020). With waste management making up one-third of the SEED-supported eco-inclusive enterprises and many enterprises with closed-loop business models, these enterprises are contributing to SDG Goal 12, which ensures sustainable consumption and production patterns.




**Key Contributions**

- 74.5% of the SEED-supported eco-inclusive enterprises have growth in sales revenue of 1-20% which is 10% higher than other social enterprises that are not SEED-supported (Vandor & Leitner, 2018).
- 60% of the enterprises have gender equality in wages and promotional opportunities
- 50% employ youth employees with an average number of 12 youth employees per enterprise

## SDG 13. Take urgent action to combat climate change and its impacts

**SDG 13 Contribution:** Bold climate change mitigation and adaptation actions have been taken by SEED-supported eco-inclusive enterprises in lowering GHG emissions through their green business activities, thus contributing towards the green economy that is sought under the SDGs. Sixty-three percent of SEED-supported eco-inclusive enterprises have reduced GHG emissions through their business activities, 55% practice energy saving and 52% provide renewable resources. These activities lower GHG emissions and advance SDG target 13.2, specifically contributing to SDG indicator 13.2.2 on mitigating total GHG emissions per year. Thirty-nine percent offer green technologies as part of their environmental objectives. These environmental objectives inevitably also strengthen resilience to climate-related hazards and natural disasters in communities; a contribution to SDG target 13.1 that aims to strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Further contributions to SDG indicator 13.2.2 includes business activities designed to mitigate and adapt to climate change impact. Mitigation actions in these enterprises focus on afforestation/reforestation (47%) and developing and offering solar technologies (35%) (for cooking, water purification, water pumps, heating, lamps, solar PV). Other mitigation actions are offering improved cookstoves with 30% of the surveyed enterprises, which are cookstove manufacturers and 27.3% of enterprises using water related technologies for efficiency, purification and pumping. These other mitigation actions are crucial in creating natural carbon sinks and sustainable management of natural resources.

The most implemented climate adaptation practice is increasing crop resilience and productivity through sustainable fertiliser use, greenhouse crop management, organic agriculture practicing, fertiliser management, precision agriculture, conservation tillage and crop rotation. Forty-five percent of the surveyed enterprises implement these practices. General agroforestry (silviculture and mixed farming solutions) is practiced by 38% of the surveyed enterprises. Water related practices (efficiency measures for leakage management, water accounting, irrigation efficiency, rainwater harvesting, watershed conservation, source water protection, river restoration) are implemented among 33.9% of the surveyed enterprises, and land management training by 33.9% of the surveyed enterprises. Climate change mitigation and adaptation action is an integral part of many of these enterprises as they practice sustainable food production, natural resource management, and use climate-smart technologies.

Surveyed enterprises are highly aware and committed to climate action, out of 289 enterprises 37.7% of the enterprises are aware of the (I)NDCs, and around half of those are aware of other climate change mitigation and adaptation agendas. With knowledge of climate change and the corresponding national level agenda, enterprises help spread training and knowledge on climate action for their stakeholders. Awareness of the NDCs enables them to maximise their positive climate action impact by understanding their specific country conditions, goals, and plans. Where awareness-raising is a core part of their business activity, enterprises indirectly contribute to SDG target 13.3 on education, and awareness-raising and human and institutional capacity around this.

## SDG 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

**SDG 15 Contribution:** SDG target 15.2 points to the crucial role of ecosystems maintenance for the planet. SEED-supported eco-inclusive enterprises contribute here too; sustainably managing land and practicing sustainable agriculture to conserve biodiversity. There are 35 enterprises in total that are in the biodiversity sector; active in the areas of eco-tourism, reforestation and agroforestry, beekeeping, food production, and natural ingredient cosmetics. There are 169 enterprises which collectively manage sustainably 169 thousand hectares of land (or 1,690 $km^2$), an area approximately the size of Bangkok, Thailand (Britannica 2020). The average SEED-supported enterprise, therefore, has 1,000 hectares under sustainable management. With activities in sustainable agriculture and biodiversity management, these enterprises promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally.

## SDG 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development

**SDG 17 Contribution:** Sharing knowledge across different stakeholders groups, particularly amongst marginalised populations, is a core strength of a SEED-supported eco-inclusive enterprise. For SEED to offer its support to eco-inclusive enterprises, it has to have in place at least two partnerships with different stakeholder groups. The partnerships with these enterprises can be with various stakeholders, ranging from national and international organisations, investors, research institutes, suppliers, governmental bodies, NGOs or other social and environmental enterprises. These partnerships that the enterprises form contribute indirectly to SDG target 17.16 on Partnerships for the SDGs. Multi-stakeholder partnerships help mobilise and share relevant knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all, in particular developing countries.


# 3. THE WAY FORWARD

This report highlights the significant contribution of a particular subset of MSMEs; eco-inclusive enterprises, to the Sustainable Development Goals.[5] The above illustrates the significant impact of these actors on the interlinked SDGs of economic growth, employment and sustainable consumption and reducing inequality. Meanwhile, by curbing carbon emissions and promoting green technologies, these actors are also at the frontline of water, resource efficiency and waste prevention.

The findings in this report are cause for optimism when it comes to the power of small enterprises in advancing the SDGs. Conversely, however, this also means that the power of eco-inclusive enterprises to advance the SDGs can only be achieved if countries build up an environment allowing them to thrive and prioritise these actors in green recovery activities. Support provided to businesses during this recovery should be treated as an investment in future prosperity, making it concomitant with how it contributes towards a people-centric and resilient post-pandemic recovery.

More than 15 years of experience has taught SEED that maximising the potential of eco-inclusive MSMEs requires additional efforts of policy makers, regulators and decision makers to recognise their pioneering work and unleash their potential post-crisis. The following recommendations are of particular relevance for international and national policy makers working within governments, international organisations, donors and development financing institutions.

### Enhance tailored high-impact capacity building

**Strengthen the capacity of local support institutions** to offer tailored incubation and acceleration services that support eco-inclusive MSMEs in achieving the SDGs.

**Foster innovative low-threshold certification/labelling or visibility** to allow eco-inclusive MSMEs to translate their SDG impacts into a competitive advantage supporting further green and inclusive growth.

### Build enabling policy frameworks

**Develop standardised frameworks that recognise and monitor the SDG contribution** of MSMEs allowing enterprises to formally showcase their SDG impact potential.

**Include eco-inclusive enterprises into SDG and NDC stakeholder consultations** and policy making processes enhancing evidence-based policy making.

### Catalyse Innovative Finance Approaches

**Bridge the 'Missing Middle' Finance Gap** by providing financing tailored to the needs of eco-inclusive enterprises. This shall include innovative mechanisms that value impact created, supporting them along the different stages of their development and maximising their impact potential on SDGs.

**Build platforms that support blended financing** enabling collaboration among public and private funders matching different return and impact expectations within new financing vehicles that finance eco-inclusive MSMEs with higher SDG impacts but lower risk and return profiles.

*5 SEED supported eco-inclusive enterprises contribute to most of the SDGs, besides SDG 3, 14, 16.*

# 4. METHODOLOGY

SEED-supported enterprise respondent characteristics: For this report, we surveyed 289 enterprises at different development stages - from the early idea stages of business ideation and concept-building to business development and replicating proven business models. Respondents were drawn from our SEED Award Winners (n=81), SEED Starter (n=61) and SEED Replicator (n=147) programmes from 2009 to 2018[6]. The surveyed SEED-supported eco-inclusive enterprises are from over 22 countries, with the majority from Uganda, Kenya, Malawi, South Africa, Ghana, Zimbabwe, Zambia, Burkina Faso, and Mauritius[7]. Respondents were classified according to years in business from their official registration year; those active for less than two years; those in operation for 2-3 years; those enterprises that have been in business between 4-9 years, and those that have operated for more than 10 years since registration[8]. Respondents operated across 6 sectors, with almost two-thirds working in the field of sustainable agriculture (Figure 6). Information on their environmental, social and economic impacts was reported for the year 2018, so all data reported is annual rather than historical.

**Aligning eco-inclusive-enterprise impact with the SDGs:** The SEED survey was designed to quantify economic, social, and environmental impacts of enterprises operations that advance the SDGs. This analysis offers a clear view of how SEED-supported eco-inclusive enterprises work towards sustainable development in developing countries. In this report, SEED-supported enterprise impacts are measured using indicators by the UN-backed Inter-agency Expert Group on SDG indicators (IAEG-SDG)[9] (UN 2020a)(Figure 7). SEED-supported eco-inclusive enterprise contributions towards the SDGs are categorised as either positive direct or indirect towards the IAEG-SDGs (Figure 8). The eco-inclusive enterprises' impacts are additionally categorised into the level of impact- either high, medium, or low (Figure 3). For further explanation on SEED's methodology for analysing SEED-supported eco-inclusive enterprise contributions towards the SDGs, please refer to Annex 2 at the end of this report.

## Number of Enterprises Surveyed & Sectors

**Total enterprise response count is 289**


**6 Eco-inclusive Enterprises Sectors**

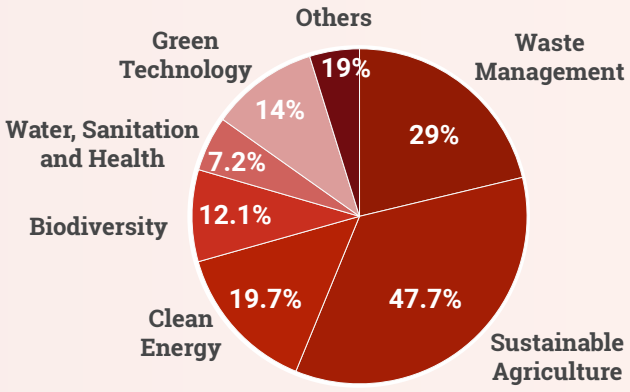



*Figure 6. Number of enterprises surveyed, their countries of operation, and SEED enterprise sectors*

*6 For further details on the SEED Direct Enterprise Support Programmes please refer to Annex 1 and this link*

*7 The number of responses per country: Uganda (56), Kenya (40), Malawi (40), South Africa (31), Ghana (30), Zimbabwe (21), Zambia (19), Burkina Faso (13), Mauritius (12), India (7), Mozambique (4), Colombia (4), Tanzania (3), Brasil (1), Cameroon (1), Egypt (1), Ethiopia (1), France (1), Morocco (1), Niger (1), Senegal (1), Vietnam (1) constituting to 289 respondents in total.*

*8 Based on the guideline by the Government of UK small enterprises by age categorisation to appropriately disaggregate the enterprises data based on their time of establishment. This age categorisation allows this report to measure enterprises survival rate by taking into account that younger enterprises of less than 2 years in most cases have a higher survival rate because they were recently established and thus their business models haven't been tested over time.*

*9 With the IAEG-SDG, SEED-supported enterprises are able to show how their activities impact each target and make clear how their actions link to the overall performance of the SDGs. These IAEG-SDG indicators are used by governments to report their SDG performance at the national level and in some cases enterprises use the same indicators that governments use, in many cases the national targets do not align with enterprise targets, as the context and level of detail required is different.*


**The Global Sustainable Development Goals** are adopted in 2015 by 193 UN countries as a part of the resolution Transforming our world: the 2030 Agenda for Sustainable Development. The Agenda is a plan of action for people, planet, prosperity, peace and partnership and includes the 17 interconnected UN SDGs. These 17 SDGs contain 169 targets and 232 indicators (UN 2020b).

Government, businesses, and civil society are mobilising their efforts to achieve the Sustainable Development Agenda by 2030.

**Why are we evaluating the enterprises impact based on the SDGs?**

The SDGs are a common language and overall framework for developing, managing, and communicating sustainable business strategies, goals, and related activities. The goals is an opportunity for sustainable businesses to align and measure their impact to the sustainability agenda.

*Figure 7. UN SDGs and SEED-supported eco-inclusive enterprises role in advancing the SDGs*

## Keys and Definitions for Categorising the Enterprise Impact

**Direct and indirect positive impact**

**Direct impact** means business activity is currently supporting the SDG target with immediate and obvious impact from that activity.

**Indirect impact** means business activity has a long-term or less direct impact and some causation may be less obvious. The impact may be delayed in time or mediated by other variables unrelated to the activity.

*Figure 8 Keys used to categorise SEED-supported eco-inclusive enterprise impact in terms of direct and indirect impact in assessing the enterprise contributions to the SDGs*

## References


Accounts & Legal 2017: 57% of British MMSMEs don't offer staff training and development. Retrieved from: https://www.accountsandlegal.co.uk/small-business-advice/57-of-british-MMSMEs-don't-offer-staff-training-and-development

Almeida, R.K., Aterido, R., 2015: Investing in formal on-the-job training: are MMSMEs lagging much behind? IZA Journal of Labor & Development. Retrieved from: https://link.springer.com/article/10.1186/s40175-015-0029-3

Britannica 2020: Bangkok National Capital, Thailand. Retrieved 27.04.2020 from https://www.britannica.com/place/Bangkok

Department of Environmental Protection 2020: Environmental Footprint Calculator. Retrieved 27.04.2020 from https://www.montgomerycountymd.gov/sws/footprint/

EPA 2020: Greenhouse Gas Equivalent Calculator. Retrieved 27.04.2020 from https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator

International Monetary Fund 2018: Pursuing Women's Economic Empowerment https://www.imf.org/en/Publications/Policy-Papers/Issues/2018/05/31/pp053118pursuing-womens-economic-empowerment

Independent Statistics & Analysis U.S. Energy Information Administration (EIA) 2020: Units and calculator explained. Retrieved from: https://www.eia.gov/energyexplained/units-and-calculators/energy-conversion-calculators.php

International Labour Organization (ILO) 2020: Decent work. Retrieved from https://www.ilo.org/global/topics/decent-work/lang--en/index.htm

International Labour Organization (ILO) 2020: What is a green job? Retrieved from http://www.ilo.int/global/topics/green-jobs/news/WCMS_220248/lang--en/index.htm

Kuruvilla, Moly and Irene George 2020: Handbook of Research on New Dimensions of Gender Mainstreaming and Women Empowerment. Pennsylvania: IGI Global Publisher of Timely Knowledge.

National Water and Sewerage Corporation 2018: Integrated Annual Report 2018/19. Retrieved from https://drive.google.com/drive/folders/1WkpZvOCgCsU7Pf0QERDABfwloyfmTJf7

OECD/European Union 2019: The Missing Entrepreneurs 2019: Policies for Inclusive Entrepreneurship. Paris: OECD Publishing.

UKCES. UK Commission for Employment and Skills 2010: Praxis. Encouraging small firms to invest in training: learning from overseas. Retrieved from https://core.ac.uk/download/pdf/4151307.pdf

UN 2015: Population Facts. Retrieved 22.06.2020 from https://www.un.org/esa/socdev/documents/youth/fact-sheets/YouthPOP.pdf

UN 2020a: Global indicator framework for the Sustainable Development Goals and targets of the 2030 Agenda for Sustainable Development. Retrieved on 29.06.20 from https://unstats.un.org/sdgs/indicators/Global%20Indicator%20Framework%20after%202020%20review_Eng.pdf

UN 2020b: About the Sustainable Development Goals. Retrieved on 29.06.20 from https://www.un.org/sustainabledevelopment/sustainable-development-goals/

UNECOSOC 2019: Report of the Secretary-General, Special edition: progress towards the Sustainable Development Goals. Retrieved 29.06.20 from https://undocs.org/E/2019/68

World Bank Group 2017 (WBG 2017): What's Happening in the Missing Middle? Lessons from Financing MMSMEs. Retrieved on 29.06.20 from: https://openknowledge.worldbank.org/handle/10986/26324

World Data 2020: Energy Consumption in South Africa. Retrieved 22.06.2020 from https://www.worlddata.info/africa/south-africa/energy-consumption.php

# Imprint

**Publisher:** SEED
c/o adelphi research gGmbH
Alt Moabit 91, 10559 Berlin, Germany
www.seed.uno | info@seed.uno

This snapshot by SEED / adelphi research gGmbH is licensed under a Creative Commons Attribution-NonCommercial-NoDeri- vatives 4.0 International License.

**Suggested citation:** SEED (2020). Eco-inclusive enterprises: Forerunners in Advancing the SDGs SEED SDG Impact Snapshot.
Berlin, Germany.

**Authors:** Linde Wolters, Mirko Zuerker, Pornlumon Nirachatsuwan

**Infographic creators:** Chandkachorn Chandratat, Lina Gutierrez, Panramon Mahasuwan

**Contact us:** impact@seed.uno

www.seed.uno

SEED FOUNDING PARTNERS

SEED HOSTING PARTNER

SEED PARTNERS