THREE

Strengthening Small Businesses to Support Sustainable Development

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Small and medium-size enterprises (SMEs) are pivotal in advancing sustainable development, not only because of their substantial numbers but also because they are recognized as key drivers of employment and innovation. According to the International Labour Organization (ILO), more than 90 percent of all enterprises can be classified as SMEs, and micro and small enterprises account for 70 percent of employment worldwide and for a large share of new job creation.[1] The World Bank estimates that in emerging economies, seven in ten formal jobs are created by SMEs and that in these markets, formal SMEs create up to 40 percent of national income (GDP).[2] The bank notes further that "these numbers are significantly higher when informal SMEs are included."[3]

1. "SMEs typically have fewer than 250 employees. In many countries, more than 90% of all enterprises can be classed as SMEs, and a large share of those can be classed as micro firms, with fewer than ten employees" (ILO 2019).
2. World Bank Group (2019).
3. Ibid.

SMEs have a major role to play in shifting markets to more environmentally sound forms of economic progress. Research by the Organization for Economic Cooperation and Development (OECD) finds that despite SMEs' "significant environmental footprint" and the challenges posed to them by environmental degradation, "SMEs and entrepreneurs are, and can be even more of, a source of innovation and solutions by developing the technologies needed to address environmental challenges."[4]

Furthermore, SMEs are recognized as critical players in the global supply chains and distribution channels of larger companies and as drivers of innovation, competition, and growth more broadly.[5] They are often referred to as the "hidden middle" in these value chains because their issues are rarely included in policy debates.[6] For these various reasons, SMEs are positioned to be critical players and stakeholders in the transformation needed for sustainable development. The commitments that large companies are making to decrease their Scope 3 emissions, for example, will be difficult to realize without engaging the SME vendors, suppliers, or service providers in their value chains and supporting those smaller businesses' efforts to decrease their own emissions.[7] In turn, SMEs have a role to play in enabling larger companies to implement more inclusive business models that use market-based and commercially viable approaches to integrate low-income producers, workers, suppliers, distributors, retailers, and consumers into corporate value chains.[8] Such models can support livelihoods and economic opportunity, improve access to affordable products and services, and help tackle poverty.

Indeed, SMEs are critical to the fulfillment of the Sustainable Development Goals (SDGs). Although linkages and contributions can be identified across all 17 SDGs, their role is especially important to SDG 8, which aims to "promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all."[9] They also have a key contribution to make toward achieving sustainable industrialization and innovation, the aim of SDG 9.[10] But SMEs face significant hurdles that constrain

4. OECD (2021).
5. WEF (2021).
6. AGRA (2019).
7. Ashcroft (2023).
8. IFC [2024].
9. Global Goals (n.d.).
10. United Nations Global Compact (2023).

their ability to fully assume their critical roles in sustainable development. Their engagement in this endeavor hinges on the creation of an enabling environment, complete with conducive policies, financial support, training, and community support. This chapter explores the challenges that SMEs face on their journey to serving as sustainability champions and discusses how to integrate SMEs more strategically in this quest.

Challenges Faced by SMEs in Supporting Sustainable Development

Small businesses face a variety of well-documented constraints that impede their ability to grow and survive, which in turn limits their contributions to sustainable development. They struggle to access reliable and affordable financing and risk management tools and to acquire and retain personnel with appropriate skills and talents, especially in managerial and technical capacities. When they are able to overcome challenges in accessing market information, data, and knowledge, they may face disproportionally high risks in adopting new technologies, practices, and business models.[11] SMEs are also most affected by shocks, climate change, and economic downturns. For example, during the COVID-19 pandemic, 34 percent of small businesses in the United States and 42.7 percent in South Africa closed, and relatively fewer bounced back compared to large companies in their sector.[12]

In addition to this well-known list of challenges, small businesses are increasingly facing the more recent challenge of proactively and effectively adopting environmental, social, and governance (ESG) standards and climate-smart principles. As a result of their limited financial and human resources, SMEs often struggle to incorporate ESG practices into their business processes, even when they are the most affected by the negative impacts of climate change. They are also increasingly being held to emissions and ESG standards stipulated by national governments or their larger business partners while being least often consulted in shaping policies and targets. Though SMEs have a vital interest in market alignment with ESG principles and the SDGs, they often face hurdles in registering their own contributions to realizing the relevant priorities.

11. WEF (2021).
12. On the 34 percent figure, see Ghosh (2021); on 42.7 percent, see Nsomba et al. (2021).

Supporting SMEs' Efforts to Contribute to Sustainable Development

According to the SME Climate Hub 2022 survey, SMEs are committed to reducing their energy consumption and waste, investing in employee education, and upgrading facilities and equipment.[13] However, the challenges outlined above, especially the lack of knowledge, human capital, and funding, are significant barriers to "greening" their operations.[14] As a result, the UN Global Compact estimates that only 54 percent of the compact's SME participants have set measurable sustainability goals, in contrast to 86 percent of the large-company participants.[15] There is likely some self-selection in these figures insofar as companies that voluntarily choose to sign up for the UN Global Compact already have made a commitment to sustainable development. Anecdotal evidence suggests that the disparities in participation rates in the broader SME community may be even more pronounced than the difference just noted between SMEs overall and larger companies.

A range of actions can help boost SMEs' resilience and their impact on sustainable development. Larger companies, industry associations, foundations, development partners, and governments should engage with SMEs directly or with their representative business bodies on high-priority sustainability issues. Some recommendations are discussed below.

Take an Ecosystem Approach

An ecosystem approach to engaging SMEs is crucial to enable them to fully embrace their roles in sustainable development. The siloed approaches often used by UN agencies, the development sector, governments, private sector, and different civil society interest groups commonly have not worked because they typically address only one aspect of SMEs' challenges and needs, without fully understanding their operations and where bottlenecks might lie. These siloed approaches dissipate limited resources and funding and increase the complexity and number of relationships and interventions that SMEs or their associations need to navigate. To better coordinate

13. SME Climate Hub (2022).
14. Jouven and Schmidt (2022).
15. United Nations Global Compact (2023).

development actors' involvement with respect to the sustainability goals of SMEs, engagement should strive to be multidimensional, integrating the aims of equity and diversity in the workplace with sustained growth through financing and innovation and an environmental sustainability focus that incorporates ESG principles and related climate actions.

SME support strategies should attempt to tackle barriers and bottlenecks by *working with value chain and industry associations* at local, state, federal, and regional levels to drive sustained transformation. For example, the Advancing Local Dairy Development in Nigeria (ALDDN) program, implemented by Sahel Consulting, convenes actors from across the Nigerian dairy ecosystem.[16] In light of the complexity of the industry, the team designed the program with an ecosystem-sustainability orientation from the outset. It incorporated interventions to address gender, climate, smallholder livelihood, and nutrition challenges and supported the Commercial Dairy Ranchers Association of Nigeria (CODARAN) in taking the lead to ensure continuity beyond the programmatic interventions.[17]

An ecosystem approach also demands that data on SMEs be collected by sector, shared in a transparent and accountable manner, and made accessible, to guide policy and programmatic interventions. The Food Systems Dashboard, developed by a consortium of partners, including the Global Alliance for Improved Nutrition (GAIN), the Columbia Climate School, the Cornell College of Agriculture and Life Sciences, and the Food and Agriculture Organization of the UN, provides a good example of a *data repository* that serves as the basis for strategic action in areas with the weakest performance.[18] The dashboard provides ecosystem data at state, country, and regional levels and thus serves to inform the interventions of SMEs and their industry associations in the food industry. Similar data collated for other sectors could also help inform the efforts of industry and regional associations to track SME commitments to help drive environmental performance, ensure decent work, close gender employment and pay gaps, and actively support diversity and inclusion, with a focus on female and youth engagement. When SMEs commit to collating their

16. Sahel Consulting is funded by the Gates Foundation and was cofounded by the author. See Sahel Consulting [2024].

17. See, e.g., CODARAN (2020).

18. See the website of the Food Systems Dashboard (https://www.foodsystemsdashboard.org/). The dashboard has received funding support from the Rockefeller Foundation, of which the author is a board member.

own data and setting clear targets, they can increase their transparency and accountability and achieve their own critical objectives.

Foster Links between SMEs and Larger Companies

Building and strengthening small business linkages in the supply chains, operations, and distribution channels of larger companies is a key way to achieve more inclusive and sustainable development. Strengthening linkages has the potential to create a variety of mutual benefits, including reduced procurement, production, and distribution costs and risks. It can also improve large companies' productivity and access to markets while enhancing skills, standards, technical capacity, job creation, and access to finance, technology, and markets for participating SMEs.[19] Such linkages can also serve as pathways for spreading ESG standards, practices, and business models along local and global value chains.

Large companies can help foster linkages by undertaking the following types of engagement with SMEs:

- *Sourcing from, subcontracting to, and procuring from small enterprises.* Engaging SMEs on these matters might take the form of smallholder farmer schemes, local content programs, and removing barriers to the provision of raw materials and components to larger manufacturers or finished products to larger retailers.
- *Distributing or franchising through small enterprises.* Larger companies can work with SMEs to distribute consumer goods and services to the local communities in which the SMEs operate. These communities may be remote and difficult for larger companies to reach.
- *Selling affordable products and services to small enterprises.* Larger companies can provide smallholder farmers and small-scale manufacturers with key inputs and productivity tools. The latter might include financial services, transport and logistics, digital technologies, utilities and infrastructure, seeds and fertilizers, production equipment, and education and training.[20]

Large companies can also support SME training, financing, and business development programs through individual or collective initiatives beyond

19. Nelson (2006).
20. Ibid. See also Nelson (2010), 66–70.

their own value chains, either in their industry sector more broadly or in the communities and countries where they operate. There is untapped potential for larger companies and their industry groups to engage in policy dialogues, advocacy efforts, and partnerships with governments and SME business associations, with these efforts aimed at strengthening the enabling environment for SME development. In this way large companies can specifically support SMEs in adopting ESG standards and practices.

A growing number of large companies are supporting SME capacity building for sustainability.[21] For example, Ikea, through its IWAY initiative, has outlined a robust code of conduct for its suppliers around environmental, social, and working conditions.[22] It also provides a community for learning and support to enable its suppliers to meet its high ESG standards. Further, the Ikea Foundation has made a sizable investment in the provision of clean and renewable energy through the Global Energy Alliance for People and Planet, in partnership with the Rockefeller Foundation and the Bezos Earth Fund.[23] These organizations are working with public, private, and nonprofit actors to address energy poverty by investing in innovation and scaling up clean solutions.

Walmart, through Project Gigaton, which the company launched in 2017, supports small businesses in its supplier network in actively setting targets and taking measurable actions to reduce emissions in six areas: energy use, natural resource consumption, waste production, packaging, transportation, and product use and design.[24] According to Walmart, as of 2024, 5,900 suppliers have signed up for the project, and the practical impacts are evident.[25]

Eni, the Italian energy group, introduced a digital platform, Open-es, which provides smaller enterprises with knowledge and a community of support for the sustainability transition.[26] It also provides tools for them to measure and report on their progress and to build new supply chain partnerships. In 2024 the platform included over 22,000 companies in 103 countries, the vast majority of which were SMEs.[27]

21. Al-Saleh (2023).

22. Ikea Global [2024].

23. See Global Energy Alliance for People and Planet, "Who We Are" (https://energyalliance.org/). (The author is a trustee of The Rockefeller Foundation.)

24. Walmart Sustainability Hub (2024).

25. Ibid.

26. See the Open-es website (https://www.openes.io/).

27. Ibid. The figures are as given on the website as of August 12, 2024.

Industry associations and nonprofits are also working to support SMEs in transitioning their sustainability practices, serving as climate and sustainability champions, and advocating for a more robust policy environment, funding, and training for SMEs in these areas. The SME Climate Hub, for example, through its free Carbon Calculator for businesses and Climate Fit, an online training course, is equipping small businesses with the knowledge, skills, and support needed to reduce their emissions and undertake strategic climate-related actions.[28]

African Food Changemakers, a digital hub for African SMEs in forty African countries, supports SMEs through its Building Resilience Against Climate and Environmental Shocks (BRACE) program.[29] This initiative aims to empower "[agricultural] and food SMEs, through training and technical support, to implement sustainable solutions for scaling their agribusinesses in the face of climate change."[30] In addition to a robust eLearning curriculum, the program exposes African agricultural and food-producing SMEs to local and regional best practices and connects them to a support community.

The business case for large companies to support SMEs in enhancing diversity and inclusion (D&I) initiatives is compelling.[31] Customers prioritize services or products from brands invested in D&I, and there is a direct impact on job creation and economic development. The MIT *Sloan Management Review* reports that, in the U.S. context, "directing $1 million in procurement spending toward diverse suppliers can create as many as 10 new jobs," which in turn "[drives] at least $124,000 in economic impact through tax revenues, helping to build local communities where the suppliers operate."[32] Similar multipliers are likely to apply in other geographies.

Of the Fortune 100 companies that have explicit D&I initiatives, however, only 59 percent source from diverse suppliers, and when they do, the

28. See SME Climate Hub, "About Us" (https://smeclimatehub.org/about-us/). The figures are as given on the website as of August 12, 2024.

29. African Food Changemakers, "Building Resilience Against Climate and Environmental Shocks" (https://brace.afchub.org/).

30. African Food Changemakers, "Home" (https://brace.afchub.org/). (The author is the founder of the BRACE platform.)

31. Swette and Boyo (2021).

32. Ibid.

share is limited to about 10 percent of their suppliers and services.[33] Similarly, according to Gartner, ethnicity/race is considered by 75 percent of supply chain organizations as part of their D&I strategies and objectives, but only 40 percent of them have specific interventions in this regard.[34] There is a severe gap between announced or documented objectives and the actions being taken by large companies. There is also considerable concern that with the overturn of affirmative action in U.S. college admissions, the focus on D&I will wane in the absence of sustained engagement, strategic interventions, data transparency and accountability, and clear objectives for achieving results.[35] The implications of such country-specific debates around D&I have potentially significant consequences for other SMEs around the globe that might interact with companies in the world's larger economies.

For their part, it is imperative that SMEs embrace D&I principles and set targets for gender equity in their workforce, as well as engage other underrepresented groups. Industry and value chain associations and local governments can support these efforts by providing centralized D&I consulting, job placement resources, and pipeline support to ease the costs for SMEs that cannot afford dedicated teams.

Develop Talent and Workforce Capabilities

A skilled and informed workforce that fully embraces a sustainability mindset and adopts the requisite practices is critical to the achievement of the SDGs. SMEs as the most numerous category of employers of labor must be actively engaged to develop their workforce talent and capabilities.

The process for engaging SME talent is complicated by the sheer number of SMEs operating in the informal economy. The ILO estimates that 208 million adults are unemployed and that more than two billion people operate in the informal economy.[36] The Business and Sustainable Development Commission estimated in 2017 that sustainable business models could generate economic opportunities creating 380 million jobs by 2030.[37] But nearly one in four (23.5 percent) young people are not in

33. Ibid.
34. Gartner (2022).
35. Sidley Austin LLP (2023).
36. Seppo (2023).
37. Business and Sustainable Development Commission (2017).

school, employment, or training.[38] This is especially concerning on the African continent, where, according to the World Bank, only three million new formal wage jobs are created annually, while 12 million youth enter the workforce.[39] Clearly, the disconnect between the high number of unemployed adults and companies' need for talent, cited as a significant challenge by SME leaders, shows that substantial education, skill, and capacity gaps persist at all levels. These gaps are especially notable in middle and senior management roles.[40]

Many companies, including small businesses, frustrated by the inadequate work readiness skills provided by formal educational institutions, are designing and developing their own training programs for entry-level personnel. Accordingly, some best practices are emerging among individual companies and industry associations that should help accelerate the achievement of SDG 8 and foster decent work that is inclusive and equitable. City and state governments are also introducing robust youth skills and job readiness interventions, especially in information and communications technology and digital capabilities, other vocational areas, and, more recently, in the clean energy sector and climate-smart interventions.[41]

AACE Food Processing & Distribution offers a promising example.[42] It is a spice- and snack-processing company operating in Ogun State, Nigeria, with 150 full-time employees. The majority are first-time job seekers; 60 percent are women, and 90 percent are less than thirty years old. In addition to providing a robust training program, nutritious meals, health insurance, and an adult literacy program for its team members, AACE supports the farmers in its supply chain and trains and upskills women to serve as distributors. AACE also trains its team members in sustainability principles and operates a robust internal recycling and circularity system. Thousands of business models like that of AACE Foods operating at scale could make a significant dent in the quest for decent work. This is a situation where SMEs could fruitfully take the lead.

38. ILO (2023).

39. World Bank Group (2023).

40. WEF (2021).

41. See, e.g., the web pages of the C40 City Alliance on the Global Green New Deal and the C40 Youth Hub (https://www.c40.org/).

42. See the website for AACE Food Processing & Distribution (https://aacefoods.com/). (The author is a cofounder of AACE Foods.)

Improve Access to Financing

The substantial gap that SMEs face in accessing financing creates challenges for SME growth and sustainable development at three levels. First, the funding available to SMEs is insufficient. Second, when financing is available, it is relatively costly. Third, there is a lack of funding and risk management instruments targeted specifically to supporting SMEs in adopting more sustainable practices.

Globally, micro enterprises and SMEs, or MSMEs, face serious financing gaps, estimated at $1.2 trillion for companies in the formal sector and $6 trillion for those in the informal sector.[43] This gap is particularly pronounced in emerging economies, where the vast majority of these businesses still operate in the informal economy, and among women entrepreneurs, who continue to face additional hurdles and biases that limit their access to financing.

Many small enterprises opt to stay in the informal economy, which is characterized by low productivity, low pay, and no benefits, out of concern for multiple taxation and onerous reporting requirements by local, state or federal government. The resulting lack of legal formality and a credit history limits their ability to obtain financing from banks and other institutions.

Various solutions have emerged to ease enterprises' transition from the informal to the formal economy for most entrepreneurs. Some examples are tax reforms in Colombia, policy tracking and reforms in Kenya, and one-stop-shop registration and business operations support in Nigeria.[44] However, these local or country-specific solutions do not sufficiently address the persistent funding gaps that exist for most small businesses, especially in developing economies.

There are also considerable disparities between funding available for female-owned versus male-owned businesses, with some countries reporting 2 percent or less of venture capital funding going to female entrepreneurs.[45] Similarly, only 2–3 percent of total global funds across private equity and venture capital flow to women fund managers, who, even with their limited resources, are more likely to fund women-owned SMEs and provide additional support to enable them to grow their business.[46]

43. Liu (2018).
44. UN DESA (2022), 15.
45. Masterson (2024).
46. Gender Smart (2021).

The Goldman Sachs 10,000 Women Initiative is one example of a pioneering initiative that supports women entrepreneurs in emerging markets to build skills and obtain the support and funding to scale up their operations.[47] The One Million Black Women: Black in Business initiative, also supported by Goldman Sachs, is committing $10 billion in direct investment capital and $100 million in philanthropic support to address the systemic barriers that have prevented Black women from thriving in business and the workforce.[48]

Where financing is available, it is costly in terms of fees and interest rates, which often are in the double digits. Despite the emergence of grant facilities, preferential rates, loan guarantee programs, and capacity-building interventions and the evolution of challenge, venture, and impact funds, the gaps persist. They are often associated with cumbersome application and selection processes and the fact that most of these funds are dollar- or euro-denominated, which exposes SMEs in developing and emerging economies to currency devaluation risks, making these financing options unattractive.

The challenges of availability and cost of financing are arguably even greater when it comes to SMEs adopting more sustainable models of doing business. There is often additional cost, investment, or risk associated with adopting sustainability standards, technologies, practices, or business models. This is the case even for the largest corporations, but it can be highly risky or even prohibitive for SMEs.

There is an urgent need for a radical transformation of the global financing landscape to address the needs of SMEs, especially those led by women and youth and those that have an explicit goal or business model focused on addressing social and environmental challenges and needs in a sustainable manner.

The Way Forward to 2030 and Beyond

SMEs are crucial to sustainable and equitable development and to the achievement of the SDGs. Several key actions have the potential to mobilize SMEs as informed and committed champions of change leading to 2030 and beyond.

47. See Goldman Sachs [2024a].
48. See Goldman Sachs [2024b].

A first priority is to *set and communicate clear expectations for SMEs.* In many contexts, ESG and sustainability requirements are clear for large companies but relatively opaque for small businesses. This is especially relevant in the agriculture and food landscape. For example, definitions of regenerative agriculture and how to practice and measure impact are still being refined, among other challenges faced by small-scale farmers and enterprises operating in this sector.[49]

A second priority is to *finance the sustainability transition at local levels.* Funding is needed to subsidize and incentivize SMEs' technological and operational transitions from diesel to solar energy or renewable waste and water management. The technology and funding to track baseline data and to fill the technology gaps is also crucial. As part of this effort, governments, bilateral and multilateral agencies, large companies, financiers, and philanthropists must *shift resources to local organizations.* They must actively track what percentage of their funds currently goes to local SMEs and SME support organizations and set clear commitments and targets for shifting 90 percent to local organizations by 2030, with only 10 percent going to intermediaries. This is especially relevant for intervention funds that are being channeled to close gaps in skills, capacities, funding, employment practices, and technology. Anecdotal evidence suggests that the majority of those funds continue to be channeled to international NGOs and large organizations that can meet the procurement requirements stipulated by funders.[50] Local organizations can usually deliver impact at a fraction of the cost of external entities. In addition, they can ensure greater resilience as external entities typically do not have the staying power to support small local businesses, especially during times of conflict and crises. Many proxies and strategies exist that can be utilized to find appropriate local organizations capable of supporting SME growth, resilience, and climate action on a more sustained basis and at scale.

A third priority is to *provide shared services to SMEs.* Because most SMEs cannot afford a sustainability officer or even a team, there is the potential for shared ESG support services modeled on existing shared audit or accounting services. Business incubation hubs, accelerators, and small-business development services offered by governments, industry associations, and nonprofit

49. See, e.g., Bambridge-Sutton (2023).

50. See, e.g., the Publish What You Fund web page "Localization" (https://www.publishwhatyoufund.org/projects/localization/.

organizations should incorporate the role of a "shared sustainability officer" in their offerings to SMEs to strengthen their capacities and enable them to "green" their operations.

A fourth and related issue is the need to act systematically within sectors. As outlined earlier in this chapter, there is untapped potential to take a more *coordinated ecosystem approach* to engaging with and serving SMEs in specific locations or sectors. Partnerships with local, state, and national governments will be critical for sustained actions in addressing the gaps that most SMEs face in accessing skills and talent, finance and risk management tools, technology, data, and markets. Government partnerships and leadership can be further enhanced with the support of large private sector companies and philanthropists.

Fifth, it is critical to *incorporate the perspectives of small businesses*, especially those in emerging markets, into global debates on sustainable development. Policy development, design, and implementation should incorporate the needs and realities of small companies rather than cater only to the large companies with government relations departments and ESG teams that can influence national, state, and local governmental policies. In addition, national, regional, and global industry associations should include seats on their boards for small businesses to ensure that the needs, voices, and concerns of SMEs are woven into policy agendas focused on ESG, sustainability, and development issues.

When, for example, governments, and companies set ambitious standards for supply chains and distribution channels to meet ESG and sustainability requirements, *they must not create new hurdles and barriers that prevent SMEs from meeting these standards* and hence from participating in key value chains and markets. This is especially relevant in countries and regions that have stipulated ambitious new guidelines for business operations. Examples include Germany through the German Act on Due Diligence in Supply Chains and the EU through the Corporate Sustainability Due Diligence Directive.[51] As these and other standards and mandatory reporting requirements are introduced and become the norm, an array of

51. On the German Act on Due Diligence in Supply Chains, see Burghardt-Kaufmann et al. (2023); on the Corporate Sustainability Due Diligence Directive, see the European Commission's web page "Corporate Sustainability Due Diligence" (https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en).

funding, innovation, data, and capacity-building interventions must be implemented to ease the transition for small businesses so that their inability to comply does not further exclude them from supply chains. It is also imperative that the same standards not be rigidly applied to all SMEs operating in different parts of the world. Many SMEs might find it harder to comply because of their diverse business environments, cultural norms, and pace of change. SMEs operating in emerging economies often need longer lead times for the sustainability transition.

Ultimately, all stakeholders must commit to *replicating and scaling up what works*, not simply boosting their organization's work. This demands the active sharing of best practice examples of interventions and initiatives that are working at scale and rallying together to support the further replication or scaling up of those initiatives. Research has shown, for example, that investing in women-led and diverse businesses and organizations can generate important results.[52] However, raising funds and support for interventions in this area has proved difficult, and this must change. All stakeholders must also be honest about projects and programs that are not working and be willing to learn from and even end them. Understanding what types of interventions, business linkages, and collective action can support SMEs in building resilience, equitably scaling up their operations, and embracing climate actions will help create decent jobs and more efficient supply chains. SMEs can then not only survive and thrive as businesses but also become more effective instruments through which to accelerate progress toward achievement of the SDGs.

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52. See, e.g., Baselga-Pascual and Vähämaa (2021), Revenga and Shetty (2012), Turban et al. (2019), and Weaver and Heinzel (2024).

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