

Policy recommendations, practical guidance and tools on greening SMEs

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Enabling factors for greening of enterprises

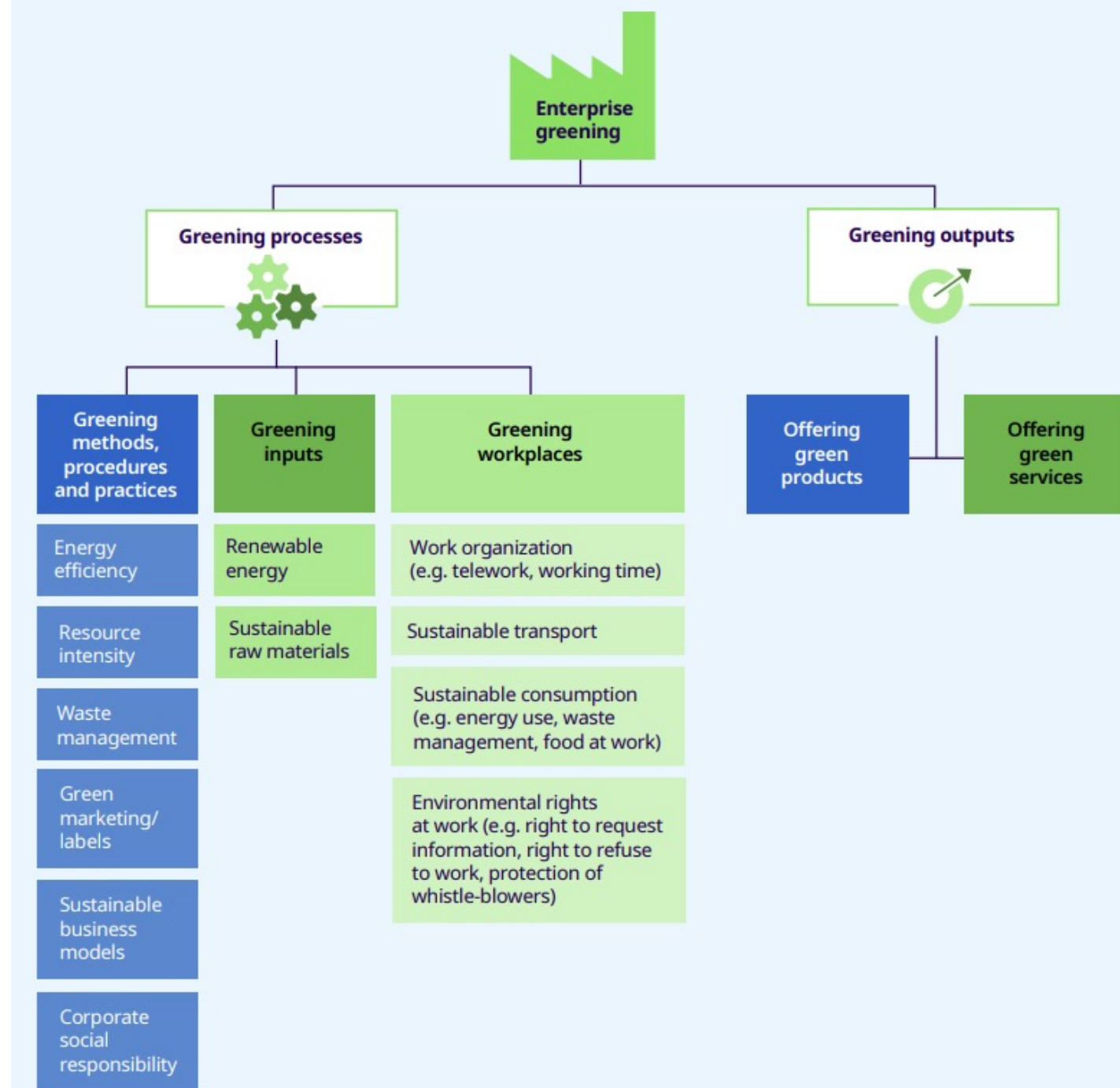
Government rules	Regulations, policies, financial incentives, tax regimes, green procurement, gender equality, public-private partnerships, COVID-19 recovery response
Business rationale	Input security from raw materials, cost reductions, higher productivity, pressure from buyers
Green finance	Responsible finance, social and environmental performance management, impact investors, donor funds
Technology & skills	Technological diffusion, skills development
Culture & norms	Responsible finance, social and environmental performance management, impact investors, donor funds
Social dialogue	Role of national social dialogue institutions in policy debates and at local and enterprise level

Source: ILO compilation adapted from DCED (2014).

Practical Guidance

Measures to make enterprises greener: Enabling factors for the just transition of enterprises

Greening processes include the greening of methods, procedures and practices, as well as greening inputs and greening workplaces.



Greening of SMEs: Why should we ?

- ▶ SMEs (400 million in the world) account for 50% of the greenhouse gas emissions and 13% of total energy demand.
- ▶ SMEs are backbone of economy in most countries, provide nearly 70% of employment worldwide
- ▶ SMEs are part of the supply chains of global economy
- ▶ SMEs are increasingly suffering from the negative impact of climate change and natural disasters. Time to take greening actions.
- ▶ SMEs have not be able to seize the full opportunities in the green economy, so much potential to be tapped.
- ▶ **As backbone of society, SMEs are the dynamic potential actors in green economy to participate fully in green economy and a **Just Transition towards Environmentally Sustainable Economies & Societies for all****

Greening of SMEs: Why aren't we greening (yet)?

SMEs face challenges in adopting green practices, as seen globally.

- ▶ Limited access to technology knowledge, awareness, innovation, compared to large firms
 - ▶ Limited access and knowledge on policy support and environmental regulations
 - ▶ Market uncertainty: if market uptake is good
 - ▶ Lack or limited access, awareness to green finance
 - ▶ Lack of capacity, competency, critical skills of staff
 - ▶ Additionally, many SMEs are concerned that initial steps toward climate action could affect productivity
 - ▶ Concerns on meeting green certification process
- ▶ An integrated approach to strengthen and empower the SMEs to participate in a **Just Transition towards Environmentally Sustainable Economies & Societies for all** is needed.

Demand-driven Country support: levels of intervention

3 Levels of Intervention

I. Overarching framework interventions

Assist countries on **overarching policy and planning instruments** for a just transition that cut across policy fields and on mechanisms for **social dialogue** based on specific country contexts.

II. Sectoral and thematic policy interventions

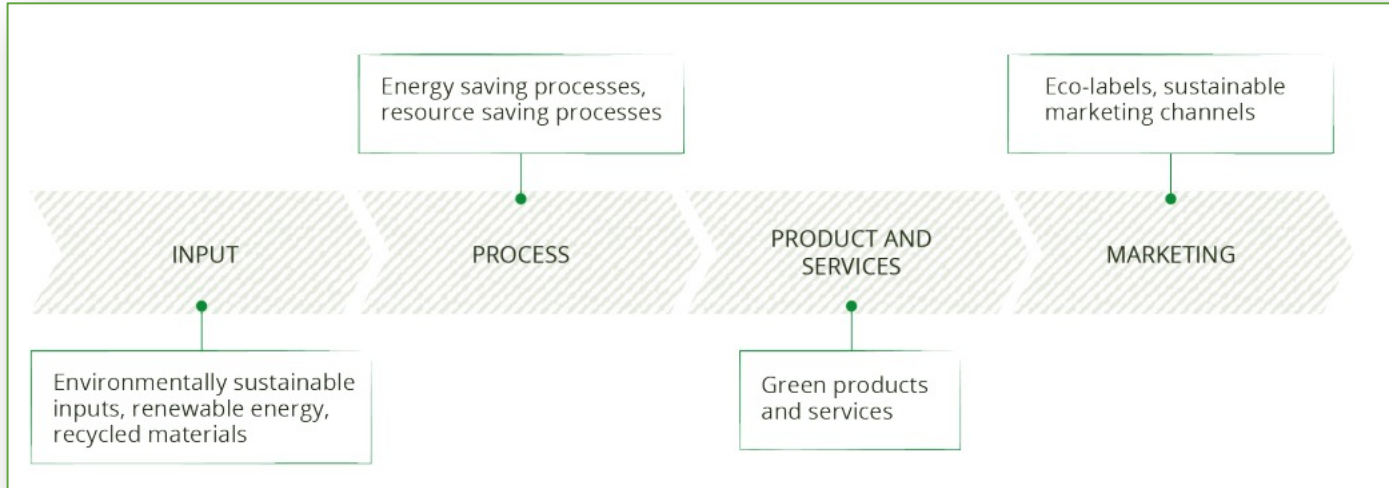
Support countries to **assess** and **address gaps**, such as in employment, skills development and social protection measures, as well as constraints to job-rich growth **in key green sectors**, and assist **policy development** and **reform**.

III. Programmatic interventions

Provide **technical assistance** on the design and delivery of **operational programmes** and schemes to implement policies, and facilitate linkages with **financing mechanisms**. They build on the sectoral and thematic policy framework interventions, and research from the innovation facility.

ILO's Tools: Green Business Guide

4 Elements to Go Green



Businesses must

1. incorporate principles of sustainability into their business decisions to reduce their negative impacts on the environment.
2. Balance profit with the health of the planet.
3. Sell environmentally friendly products or by greening their processes to make them more environmentally sustainable.



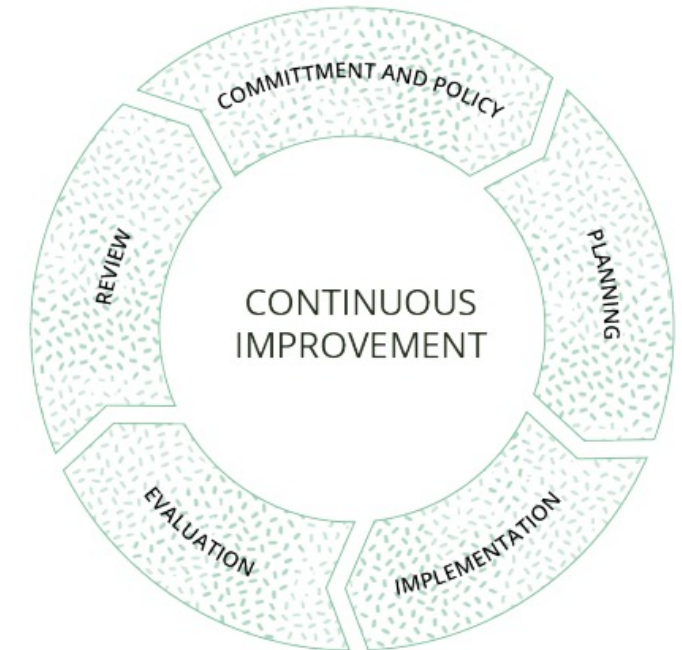
Provide practical guidance on how businesses can achieve this and ensure profitability and environmental responsibility through sustainable practices. ilo.org

► Practical Guidance on Green Businesses

Starting a green business



Greening the existing business



Setting up **Environmental Management Systems** for continuous improvement

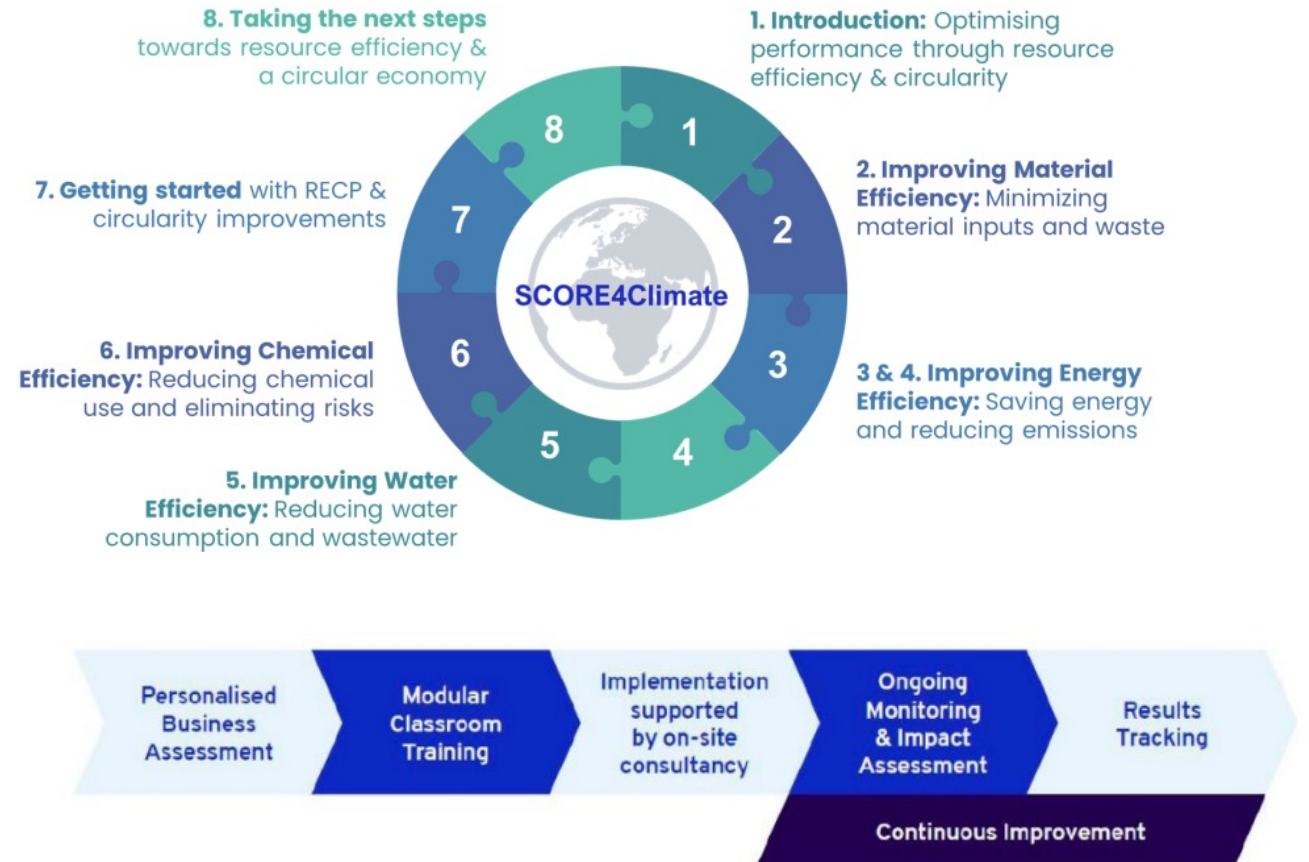
ILO Tools: SCORE4Climate

Seeks to improve working conditions and productivity, SCORE4Climate promotes a triple win for SMEs and their workers:

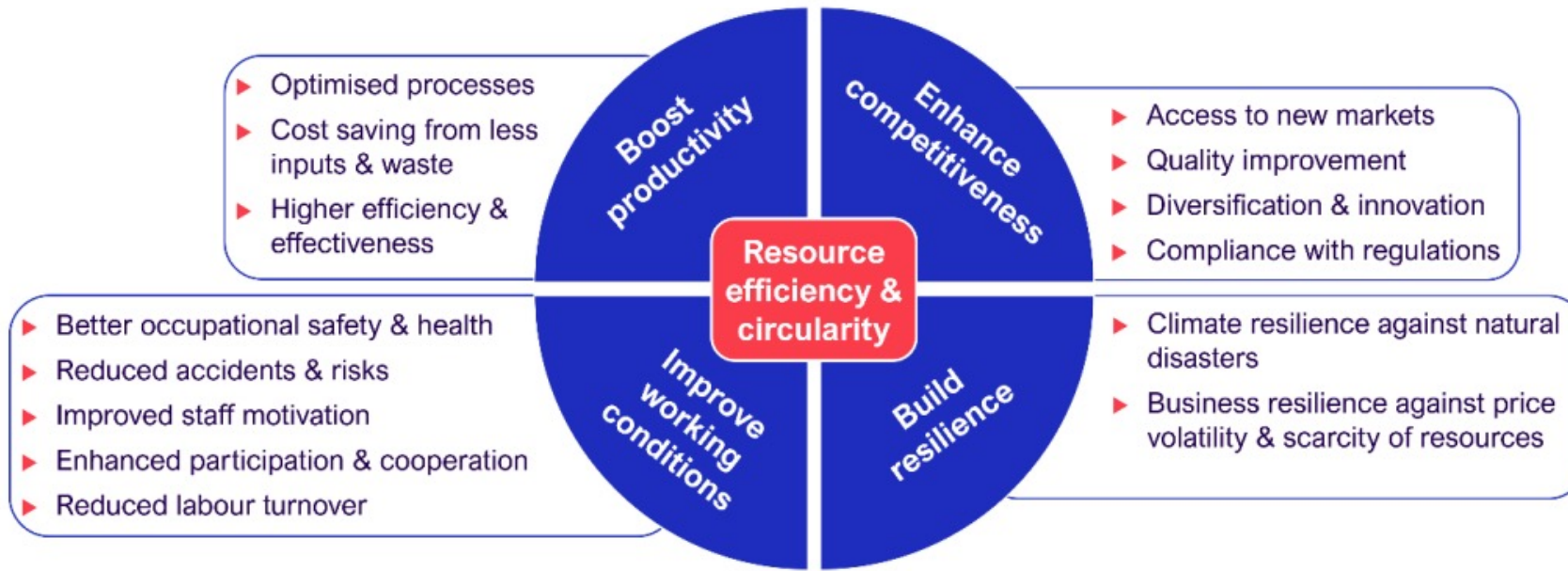
- Strengthening environmental sustainability,
- Boosting business performance, and
- Ensuring decent work for employees.

The SCORE Programme encompasses a wide range of training modules including workplace cooperation, quality improvement, climate action, workforce management, safety and health at work, gender equality and responsible business

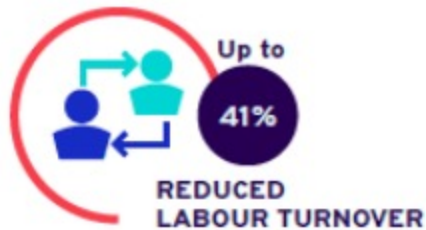
Advancing social justice, promoting decent work



SCORE4Climate

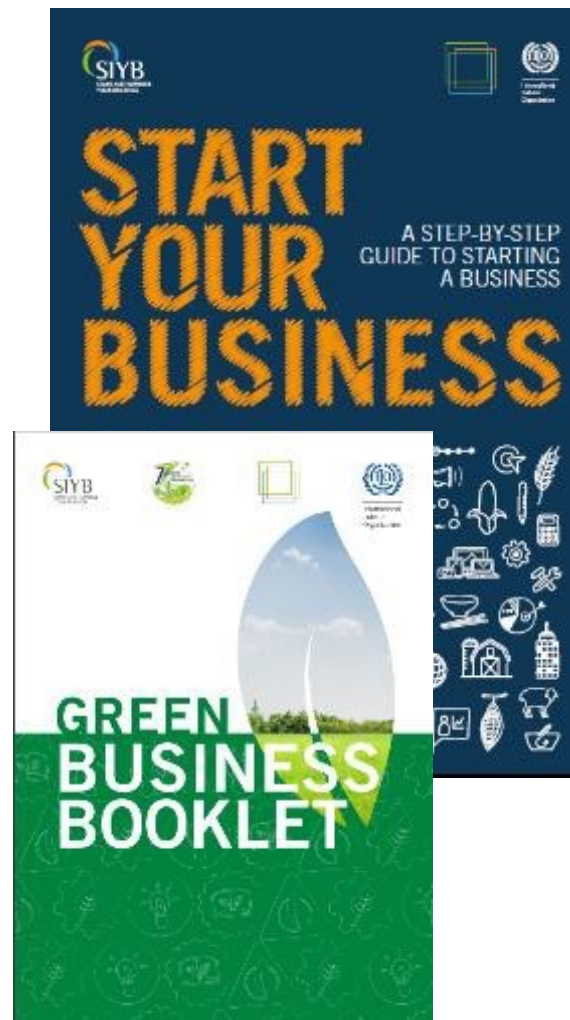
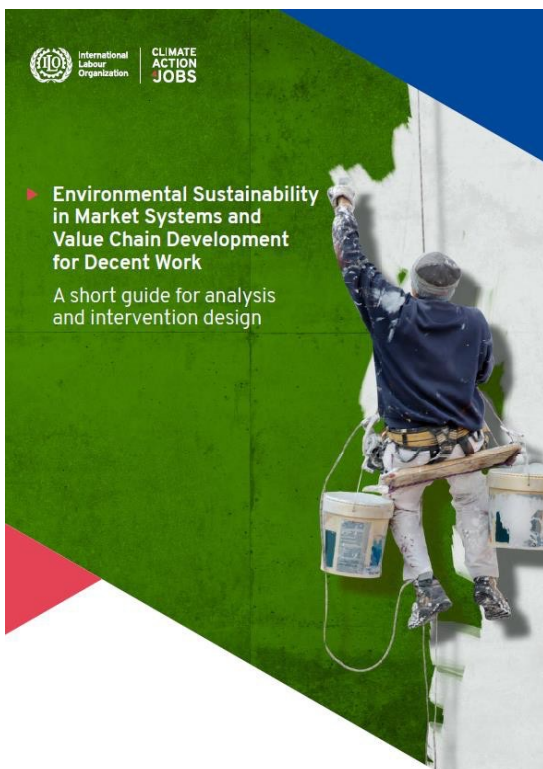


Benefits of adopting RECP and circularity practices for SMEs



SCORE Training results (as of 2024)

Promotion of green enterprises and entrepreneurship



Research, analysis, tools and capacity development



► Policy Brief

July 2020

Policy Brief: The World of Work and COVID-19

JUNE 2020

work
every with more and better jobs,
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Thank you

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