



WTO Informal Working Group on MSMEs

Spotlight on the ICC-Sage SME Climate Impact Report

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Key areas of ICC action

ACCESS TO FUNDING

Address the SME finance gap to help small businesses access the funding they need to seize new business opportunities and trade internationally



DIGITALISATION

Accelerating digital uptake by SMEs is essential for economies to recover from the pandemic and build the foundations for future resilience.

SUSTAINABILITY

By implementing more sustainable business models, SMEs can gain a competitive edge, manage business risk, grow their brand, and enhance access to capital.



WTO Informal Working Group on MSMEs SME Climate Impact Report



ICC partnered with Sage to produce the [SME Climate Impact Report](#), launched at COP27. Our research quantified the economic and environmental footprint of SMEs, highlighted the challenges SMEs face, identified key actions SMEs can take to reduce their environmental footprint, and formulated 11 high-level policy recommendations.

- **MSMEs are eager to take climate and environmental action** - **66%** of MSMEs have or are developing a policy related to their environmental, social and sustainability impact. **75%** say that sustainability is at least quite important to their business.
- **In practice, MSME action is often still limited** – uptake is high for “low-hanging fruit” (e.g. **50%** of respondents are actively reducing the amount of waste they produce and energy use) but few are taking more ambitious action (e.g. **20%** of respondents are actively monitoring/reporting their climate impact)
- **MSMEs are motivated by both economic and ethical considerations** – **17%** see climate action as a way to reduce costs, **16%** to attract new customers and **15%** of MSMEs take action because “it is the right thing to do”.
- **A lack of cash or cash flow to make the requisite investments was the most reported barrier to future sustainability action** - **c.20%** of MSMEs report cash flow issues and **20%** report the limited ROI as the main reasons they are not taking more ambitious action.

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SME Climate Impact Report



Report

The Climate Impact of SMEs

Evidence from the UK and South Africa

November 2022

Sage

ICC

OXFORD ECONOMICS

- **Adapt standards and reporting requirements** – Tailoring and calibrating future GHG and sustainability standards and reporting requirements to the specific characteristics of SMEs.
- **Provide tailored guidance and training** – Governments and large businesses should provide SMEs with adequate guidance and training in order to ensure that SMEs can take proactive and concrete actions to reduce their environmental footprint.
- **Enable access to sustainable finance** – Governments can help address cost barriers by working alongside the financial sector to tailor and make available sustainable finance opportunities that can empower the SME community to invest in products, solutions and processes that reduce their environmental footprint.
- **Implement well-calibrated fiscal interventions** – In order to further reduce costs for SMEs, governments should explore a comprehensive suite of fiscal interventions, including tax credits, that can support SMEs to take more ambitious climate action and to invest in net zero emissions technologies
- **Foster the use of digital technologies** - Digital technologies offer powerful tools for SMEs to take concrete environmental action. The “twin transition” of sustainability and digitalisation can help SMEs benchmark their impacts, set targets, and measure progress across different sustainability measures.
- **Address trade barriers** - International trade is a vital tool to enable businesses to provide and access more sustainable goods and services – with significant untapped potential to accelerate decarbonization of the economy. Governments should actively identify key trade barriers or frictions that restrict SMEs’ ability to sell and access environmentally friendly goods and services – such as punitive tariffs or inconsistent standards.



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