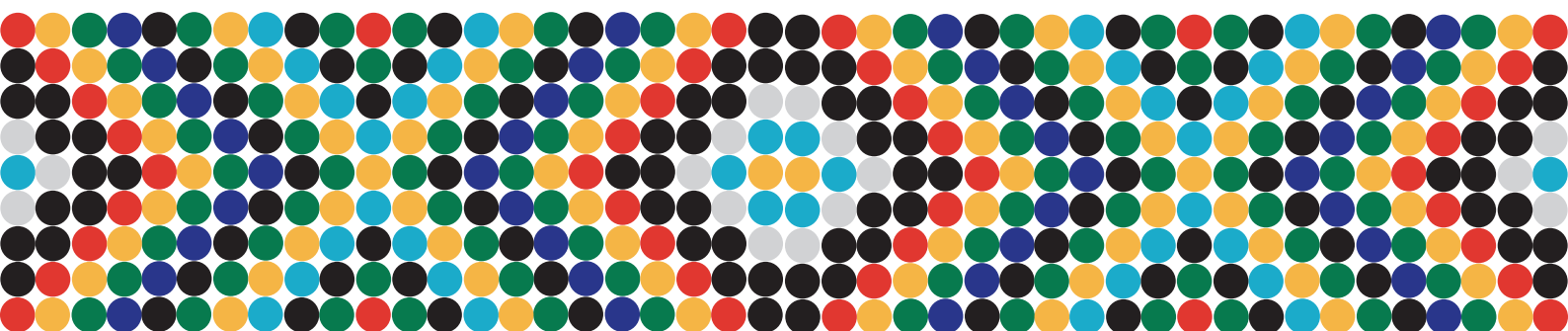


# Inclusivity within the green economy

working paper

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# INTRODUCTION

Moving from a brown to a green economy is increasingly understood as an effective way to achieve equitable, sustainable prosperity that combines economic development, social inclusion and environmental stewardship (UNDESA, 2012; UNEP, 2011; UNIDO, 2011).

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts: the concept of ‘needs’, in particular the essential needs of the world’s poor, to which overriding priority should be given; and the idea of limitations imposed by the state of technology and social organisation on the environment’s ability to meet present and future needs,” (UNWCED, 1987, p. 41). A green economy has been defined as one that enables prosperity for all within one-planet limits. It reaches beyond environmental care to incorporate socio-economic improvements for all, as societies value nature, tackle inequality, make their current activities green, invest in sustainability, and define meaningful metrics by which to govern (Fioramenti, 2017; UNEP, 2011).

An ever-growing number of countries are committed to achieving sustainable development through a green economy, as illustrated at the 2012 Rio+20 Conference (UN, 2012). Similarly, the Agenda 2063 aspires for a prosperous Africa based on inclusive growth and sustainable development (AU, 2015). In South Africa, the National Strategy for Sustainable Development and Action Plan 2011-2014 notes that a development path based “primarily on maximising economic growth – as measured by GDP (Gross Domestic Product) has resulted in an energy-intensive economy and an erosion of the resource base: a situation that is clearly unsustainable,” (DEA, 2011, p. 12). Correspondingly, the National Development Plan: Vision 2030 (NDP) envisions South Africa’s “transition to a low-carbon, resilient economy and just society” (NPC, 2011, p. 179).

As such, a just and inclusive transition that addresses poverty and inequality is central to a green economy, within which small businesses are important because they provide local income and services, adapted to local contexts. The development and support of such small businesses arises as a key approach to hasten the transition to a green economy and sustainable development (World Bank, 2013). What is meant by small businesses and therefore how to best support them however remains contentious. Small businesses are diverse with issues and sustainability prospects that vary across different segments. There is no broadly accepted international definition of small business. In developing countries, Small, Medium and Micro-sized Enterprises (SMMEs) encompass survivalist activities, micro-enterprises and small to medium-sized enterprises.

Engagement with this diversity requires a granular understanding of the structure and role of SMMEs in development and the green economy in order to adequately harness their potential. This concept note aims to provide this analytical framework. Section two investigates the role of SMMEs in the economy and society. Section three focuses on SMMEs within a green economy context, highlighting the importance of including SMMEs into the transition and exploring the opportunities for SMMEs. Section four considers the obstacles hindering the development of SMMEs. On this basis, section five formulates the need and opportunity to reframe SMME development in alignment with sustainable development principles. Section six concludes and summarises key issues.



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The IKI finances climate and biodiversity projects in developing and newly industrialising countries, as well as in countries in transition. The initiative focuses on climate change mitigation, adapting to the impacts of climate change, conserving natural carbon sinks/REDD+ and protecting biological diversity. Priority is given to activities that support creating an international climate protection architecture, to transparency and to innovative and transferable solutions that have an impact beyond the individual project.



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## 2. Small businesses play a key role in the economy

SMMEs, and particularly small business (i.e. micro, very small and small enterprises), play a specific local part in the economy and society, which differs fundamentally from the role of government and large corporations. From start-ups, to family businesses to well-established firms, small businesses are important to an equitable development strategy because they provide revenue generation and wealth-building opportunities to people and communities who may lack access to alternatives. As opposed to large businesses that generally serve and engage international markets, small businesses foster local engagement and services, providing both needed services and economic development.

### 2.1. Small businesses are the primary employment creator

Small businesses account for the largest share of enterprises and play a key role in the economic fabric of society by providing employment to large parts of the population (Creech et al., 2014). The contribution of SMMEs to national employment in Organisation for Economic Co-operation and Development (OECD) countries ranges between 53% in the United Kingdom to 86% in Greece, and their contribution to national value-addition is between 38% in Mexico and 75% in Estonia (Kamal-Chaoui, 2017). SMMEs also provide a large share of employment in low-income countries (OECD, 2017). There are an estimated 365-445 million SMMEs in the developing world, employing about 90% of all workers (Page and Söderbom, 2015). In further extrapolating, the informal economy accounts for more than half of the global labour force and more than 90% of SMMEs worldwide (ILO, 2018, 2009).

Approximately 40% of employed people are self-employed or are employers in most upper middle-income economies. South Africa is a notable exception with less than 20%, largely due to historical, exclusionary apartheid policies. This low share of self-employment in South Africa is a significant factor behind persistent low levels of overall employment and associated inequality and economic exclusion. Indeed, only 40% of South African adults have income-generating work, compared to almost 60% in most other upper-middle-income economies (TIPS, 2017).

### 2.2. Earnings from small businesses lift people out of poverty

In most countries, small businesses are a material source of revenues for large parts of the population. In many developing countries, employment and earnings generated by small businesses contribute to lifting people out of poverty. In Mongolia, SMMEs comprise two-thirds of businesses, and contribute around 20% of GDP and about 70% of the labour market (PAGE, 2014). Combined with welfare safety nets, small businesses perform a similar function in developed economies.

In most developing countries, small businesses are informal and essentially survivalist, generating limited employment and low incomes. While employers and employees in the formal sector typically earn relatively decent wages, self-employed people in the informal sector generally earn less than waged employees in formal jobs. This is indeed the trend in South Africa. In 2015, formal-sector earnings for employers and the self-employed ranged from R8 000 to R12 000 a month for micro and small enterprises. Informal employers had a median income of R4 000 a month, while the informal self-employed earned just over half as much (TIPS, 2017).

### 2.3. Small businesses contribute to intergenerational upliftment


Globally, small businesses are seen as a key pathway to inter-generational development and upliftment. In most developing economies, a substantial share of the population earns a livelihood from family businesses in agriculture and retail, which play a key role in social upliftment and inter-generational progress through long-standing family assets, market connections and an expanded local customer base. However, there are concerns relating to the longevity and quality of jobs created by small and micro enterprises (Page and Söderbom, 2015).

The presence and function of small local businesses are also compromised by many current policy decisions. In South Africa, small enterprise-based systems of production and associated market institutions were suppressed under apartheid by precluding black people from conducting small-scale production and trade, through restrictions on land ownership, access to credit, formal education and training and infrastructure. The impact has persisted and democratic South Africa remains with a smaller class of established small businesses than its peers (TIPS, 2017).

### 2.4. Small business drives innovation

Small businesses are not the only innovators in society, but they often underpin economic innovation and rejuvenation. They are integral in pervasive adaptation processes that define an inclusive economy, offering a wide range of local contextual business actions that provide crucial insights for innovation and adaptation in support of technological and social change, productivity and market access. Indeed, SMMEs are subject to strong competition and have scant opportunities to extract rents. To survive and thrive, small businesses must be versatile, innovative, adaptive and entrepreneurial (Groepe, 2015). New and young firms tend to exploit technological or commercial opportunities neglected by more established companies and often introduce new business models (OECD, 2015).

“An economy with a larger share of SMMEs will generally enjoy a higher economic growth rate” (Ming-Wen, 2010, p. 2278). Correlation is highest when importance is ascribed to the number of entrepreneurs. In other words, the contribution to economic growth from SMMEs comes mainly from the prevalence of innovative entrepreneurs. For example, small businesses worldwide have seized opportunities associated with the digital and clean-tech revolutions. Ghana-originated mobile app Farmerline provides data on market prices, weather, and evolving farming techniques to smallholder farmers across Africa, helping increase harvests and incomes for more than 200 000 farmers in four countries (World Bank, 2014). There are many other examples of small businesses that have produced significant and bankable innovations through executional excellence. This is borne out by examples of local livestock marketing in Kenya (Burns and Worsley, 2015) and smallholder dairy hub production and aggregation models in East Africa (Omondi et al., 2017).



### 3. Small business plays an even more important role in a Green Economy

Small businesses are at the core of developing economies. They are even more central in a green economy as their positive impacts extend beyond economic development. Small businesses generate material socio-economic and environmental benefits in line with sustainable development. Greener, fairer and more resilient economies cannot be achieved without empowering SMMEs as innovative local actors to deliver socio-environmental transformation (GEC, 2017).

#### 3.1. *Small businesses contribute to greater inclusion and the reduction of inequality*

Small businesses have considerable potential to reduce poverty and inequality, the main socio-economic development challenges that a green economy aims to address. They link to local economies and contribute to social cohesion, economically and socially integrating diverse populations (OECD, 2018). Local businesses that engage local market and social systems must form local relations of reciprocity in order to thrive. Therefore, participation becomes both a driver and a consequence of good business. Businesses that engage wider constituency respond to, and benefit from, a more diverse customer base, supply system and employment pool.

A divide, however, exists in developing countries between the informal and formal sectors. For instance, many informal jobs created through ecosystem restoration (such as invasive alien clearing or waste management) provide additional income, but develop few skills and only offer short-term jobs rather than a career (Smit and Musango, 2015). In South Africa, informal small businesses are mainly black and survivalist, while formal small businesses are mainly white and well-established (TIPS, 2017).

#### 3.2. *Small businesses contribute to economic empowerment*

In addition to bring millions of people into the economic and social mainstream of a society, small businesses are an important route to economic empowerment, and promote the inclusion of disadvantaged groups of society, particularly women, immigrants and minority groups (Groepé, 2015; NPC, 2011). For example, a review of 202 SEED winners operating on green initiatives in 37 countries across the world revealed that they benefited more than 12.3 million people at the base of the pyramid, including young people (39%) and women (67%) (SEED, 2015a).

An example is the Imai Farming Cooperative in rural Limpopo in South Africa, which aims to reduce food waste by preserving and adding value to vegetables which would otherwise be thrown away. It targets predominantly female farmers, by providing training on organic farming practices, as well helping the farmers introduce rainwater harvesting, food preservation, and training in business skills. The cooperative provides an income to 21 people and has helped stabilise and increase household income. The initiative has managed to secure a market with supermarkets for their products and has strategic partnerships with the University of Limpopo as well as government agencies (SEED, 2015).

#### 3.3. *Small businesses foster community and rural development*

Small businesses underpin sustainable development in rural areas (PAGE, 2017). In Senegal, green economy opportunities were identified in integrating natural capital more effectively into the market, through agriculture, water and forestry resources (UNEP, 2014). In Ghana, Unique Quality Product Enterprise (UQE), an eco-inclusive business, promotes the production and processing of the fonio cereal grain, by purchasing the crop in bulk from farmers and supplying to domestic and international markets (SEED, 2018). In Ethiopia, the PRIME programme invested in small enterprises to provide sustainable veterinary and agricultural input supplies to demonstrably improve employment, services and local collaboration (Mercy Corps, 2015).

#### 3.4. *Small businesses drive the development of social and green businesses*

In addition to bringing substantial benefits, small businesses can be influential in the transition to a green economy. Small businesses tend to be more willing than large firms to adopt broader innovative green strategies rather than incremental green practices with short-term results (Nulkar, 2014). They are more likely to seize opportunities afforded by a green economy and act as bottom-up agents of change. Social enterprises, which apply commercial strategies to improve financial, social and environmental well-being, are illustrative of this.

Similarly, grassroots green enterprises are key adopters of radical environmental innovations (often neglected by established firms) in the production and manufacturing of environmental goods, services and technologies (Marks and Hidden, 2017). Such enterprises are at the forefront of climate responses and innovations, both adaptation and mitigation, building resilient and adaptive community structures and processes. Grassroots enterprises can also play a role in strengthening not only the productive but also the social networks, and in developing more inclusive pathways to sustainability by offering opportunities for greater social impact of transition pathways (Mohamed, 2018). For example, La Voûte Nubienne (The Nubian Vault Association), originated in Burkina Faso (and now active in five countries) offers a solution to the dwindling timber resources needed for housing construction by using an ancient technique of building roofs from unfired earth. It has provided decent, sustainable and affordable houses to more than 1 900 mostly underprivileged households, while contributing to ecosystem preservation (SEED, 2015a).

Besides social innovation, small businesses are also suited to seizing new business opportunities in a green economy. They are often rooted in local communities and can respond to the everyday challenges that they are facing. As pioneers challenging existing standards and influencing industry by setting new trends for others to follow, small businesses are well placed to benefit from the green competitive advantage (Nulkar, 2014). Small businesses are key drivers of eco-innovation, which is central to emerging green industries (OECD, 2015; World Bank, 2014).

This is true both in the formal and informal economy. Small-scale and subsistence farming, bio-processing, management and trade, recycling, upcycling and waste picking, green infrastructure, technology and construction are a few green activities which are occurring in the informal economy (Smit and Musango, 2015). Importantly though, harnessing the potential of informal activities does not imply the need for formality. Sustainable development of the informal sector relies rather on wide-ranging approaches, such as sustainable livelihoods, community-based natural resource management, the recognition of indigenous and local knowledge, ecosystem-based adaptation and grass-roots green entrepreneurship (Mohamed, 2018).

## 4. Despite government efforts, small businesses remain largely left behind

Despite their significant role in the economy and society, notably from an inclusive green economy perspective, the potential benefits of small businesses remain largely unharnessed. Governments, including through considerable donor investment in targeted development aid, have acknowledged their role and potential, but small businesses remain left behind due to structural obstacles hindering their development.

### 4.1. Governments have acknowledged the role of small businesses

At the global level, the role of small business in meeting the Sustainable Development Goals (SDGs) has been acknowledged (Kamal-Chaoui, 2017). For instance, three OECD Ministerial Conferences have delivered international declarations in support of small businesses in 2000 (Bologna Charter on SME Policies), 2004 (Fostering the Growth of Innovative and Internationally Competitive SMEs) and 2018 (Strengthening SMEs and entrepreneurship for productivity and inclusive growth) (OECD, 2018). The Addis Ababa Financing for Development Action Agenda also emphasised the importance of affordable access to finance for SMMEs, as well as adequate skills development training for entrepreneurs, while the World Trade Organisation is promoting initiatives to ensure that trade-facilitation measures do not restrict SMME participation in global trade (WTO, 2016).

Similarly, the government of South Africa has recognised the important role that the green economy and small businesses (notably cooperatives, rural and township enterprises) can play in the economy and in bringing about development (DEA, 2017). The NDP forecasts that, by 2030, no less than 90% of new jobs will be created in small and expanding firms. In addition, a key aspect of South Africa's approach to the green economy is the strong emphasis on social inclusivity and pro-employment (Musyoki, 2012; PAGE, 2017). This is evident through several policy frameworks, financing mechanisms and incentives that seek to promote small business activity, but also in the establishment of the dedicated Department of Small Business Development. Accordingly, the Government hosts several programmes in support of small businesses, such as the Department of Trade and Industry's Incubation Support Programme and Black Industrialists Scheme.

### 4.2. Small businesses still lag behind

However, in 2018, only 30 countries (out of 137) reached a score of 50% and above on the Global Entrepreneurship Index. Not surprisingly, upper-income countries (55%) perform better than upper-middle (28%), lower-middle-income (21%), lower-income (15%) countries. Outside of upper-income countries, Turkey (45%) and Tunisia (42%) are the best performers. South Africa ranks 57th with a score of 33%. Overall, the institutional environment does not perform as well as the entrepreneurs it is meant to support. The shortfall appears particularly strident in terms of risk acceptance, competition and technology absorption (Ács et al., 2017). In South Africa, despite government efforts, growth in small business has remain limited over the past 20 years. The number of employers and self-employed people has barely budged, while the numbers they employ, their incomes and the structure of production have stagnated (TIPS, 2017).


### 4.3. Small businesses still face multiple barriers

Globally, small businesses face challenges that relate to their size, limited resources (such as skills, information, technology and finance), and unfavourable policy, industry and market conditions, including within supply chains and with larger enterprises, which limit their ability to grow, scale up, and take advantage of regional and global value chains (OECD, 2018). Generally, the entrepreneurial ecosystem has the following gaps: mismatch between capacity support and funding, fragmented support, early stage funding gap, and missing co-ordination between initiatives (UNEP-WCMC, 2012). Moreover, a focus on export markets has introduced onerous compliance standards that are uneconomic to apply at a small scale.

Furthermore, green enterprises tend to have more challenges than traditional businesses. The potential markets and the public are notably not fully aware of small businesses' products and services, or the benefits associated with their green focus (SEED, 2014). The absence of a green component in procurement programmes further constrains market access (PAGE, 2017). For instance, in the green building sector, some of the key challenges are the lack of public awareness, followed by high costs, the lack of trained professionals, and the lack of political support and incentives (Dodge Data & Analytics, 2016). In addition, small businesses have poor information and little knowledge about the green economy approach, its benefits and opportunities (OECD, 2015).

In most developing countries, some 70% of small businesses highlight the lack of access to finance as a barrier to growth. Another 15% report they are underfinanced. This is more pronounced for small green businesses due to their innovative and unproven nature (SEED, 2014; UNEP, 2016; UNEP-WCMC, 2012). A dependence on public funds is still predominant worldwide. In South Africa, except for large-scale renewable energy and energy efficiency, the state remains the main investor in green economy initiatives, with about 80% of them funded by domestic public finance, primarily (half of that funding) from national government (PAGE, 2017). In the informal sector, small businesses face even more significant barriers. Limited start-up skills and poor human capital, linked to low levels of education, are evident in the South African case. Most small businesses are run by people from previously disadvantaged backgrounds with very low levels of skills and experience in running businesses, who cannot exploit the economic opportunities fully nor sustain a growing enterprise (UNEP-WCMC, 2012).

Notwithstanding, there is no common ground upon which the design of enabling policies towards SMMEs can be based and there can be no one-size-fits-all policy towards SMMEs. Therefore, prior to engaging in any redesign or adjustment of existing policies, it is prudent to clearly understand the socio-economic structure of a country (Ming-Wen, 2010). For example, in South Africa, due to the dichotomy between formal and informal small businesses, government faces additional challenges in channelling support towards the small businesses that require it the most (ANDE, 2017; SAB Foundation and Allan Gray Orbis Foundation, 2017; SEED, 2014). Channelling support to the bottom of the pyramid does not lend itself to traditional business models and is generally high risk. South Africa does not have a well-developed venture-capital market and formal finance institutions do not carry products that are easily accessible by SMMEs, particularly in the rural areas. Furthermore, available funds are not well distributed along the innovation value chain, creating the 'valley of death' for projects that cannot qualify for financial mechanisms, such as grants as well as those not suitable for equity funds (Africege, 2015).



## 5. Framing small business development differently: Taking a sustainable development approach

Despite the political impetus to see small businesses grow and play a stronger role in the economy and society, their development remains hindered by multiple factors. This calls for a reframing of small business development in line with the SDGs. Indeed, small business development has been historically focused on the economic dimension (i.e. financial returns) only, neglecting social and environmental benefits. A multi-criteria approach with a greater focus on socio-economic and environmental dynamics underpinning small businesses is required.

### 5.1. *Develop social dialogue, networks, and partnerships*

Social dialogue is an important aspect of supporting small businesses in generating green and decent work (ILO, 2011). Small enterprises are nested within communities. Their supply and market systems rely on shorter chains, which often contain more embedded services. A local business cannot survive if it does not carry the support of people in the area, and as such, the idea of value takes on broader dimensions. Securing and maintaining such support and 'permission' is therefore critical. At the heart of this is dialogue. Local suppliers of critical goods and services secure strong local support when their role is valued. There is a power dynamic inherent in this that requires regular participatory dialogue to navigate. Local communities that enjoy a robust and regular exchange within local institutional conversations are those that can support their 'local shop'. At a trans-community level, the presence of trade and services guilds are important means to collectively navigate wider power dynamics that individual businesses or communities cannot do alone.

Social dialogue in South Africa is historically vibrant, as illustrated by the establishment of the quadripartite National Economic Development and Labour Council in 1994 and the signing of various agreements by government, business, labour and civil society (ILO, 2010; Montmasson-Clair, 2017). Attempts at creating a social compact in favour of the transition to sustainable development, such as the green economy Accord and the Decent Work Country Programme, have however failed to deliver their promises (Montmasson-Clair, 2017). As a result, though labour organisations had initially supported the green economy, they are now increasingly sceptical of the agendas shaping the green economy (PAGE, 2017).

Accordingly, it is necessary to give small businesses a voice, so that they have more influence in policy development (SEED, 2014). From a green economy perspective, most of the focus has been on initiating the transition to a low-carbon economy. Much less attention has been paid to ensuring a just, bottom-up transition. Indeed, the emergence of green businesses does not, in and of itself, lead to better work conditions or quality of employment (Belén Sánchez et al., 2013) and specific efforts in terms of policies and programmes are needed to ensure that the environmental and social ills are addressed simultaneously (ILO, 2011). While the green economy transition is an opportunity to foster a wider socio-economic transformation and empower disadvantaged and marginalised groups of society, these co-benefits are not automatic and require careful thought, targeted policies, the definition of smart actions and implementation to materialise (Mohamed, 2018).

Beyond social dialogue, networks and partnerships are important in nurturing mutual and symbiotic relationships. Collaboration between a wide range of public and private sector as well as civil society stakeholders creates shared value (PAGE, 2017). Linked green small businesses can share learning, collectively approach investors for beneficial funding deals, engage academia for research, development and innovation, and lobby government for a more enabling business environment (SEED, 2014). Governments could usefully convene a supporting space for local and regional actor networks, and assist small businesses to improve their green credentials and performance (OECD, 2015). Examples include the development of local business hubs in East Africa around the dairy industry (Firetail and ALINe, 2013). In South Korea, green SMMEs are performing thanks to strong institutional support for technology advancement and a comprehensive legal framework monitored by a dedicated committee on green growth (APEC SME Innovation Centre, 2010).

### 5.2. *Reframing skills development*

To unlock small enterprise information and knowledge constraints, a wider set of skills need to be developed around green economy approaches. These are beyond business only (SEED, 2014), and should also include those that enhance social and environmental returns. SDG-aligned business incubation should be supported. For example, in Guyana, small business development initiatives are underway to provide opportunities for capacity building and inclusion through the implementation of dedicated procurement, subsidies and credit guarantee programmes targeting small businesses, notably in vulnerable communities (ILO, 2017).

### 5.3. *Reframing the regulatory framework for green economy transition*

Small businesses face significant regulatory burdens and have little incentive to implement sustainable practices. Strategies that promote the participation of small businesses in the green economy should provide both insight and traction for the development of adapted and owned solutions. Indeed, unleashing the knowledge and enthusiasm of a huge sector of small green enterprises to participate in crafting smart policy would gain both appropriate and owned solutions that are likely to spread organically. Success for SMMEs correlates well with the establishment of a national SMME promotion agency, which channels all government support to the sector.

Coupled with adequate incentives, sector-specific green certification (of business practices) and eco-label schemes (for products and packaging) can result in enhanced demand for green business practices (DEA, 2017; OECD, 2015; SEED, 2014), provided the certification costs are kept to a minimum. In this regard, a South African campaign called LABELWISE promotes eco and social labels and stimulates the demand for products that are environmentally sustainable and produced using best labour practices in the farming, tourism, forestry and marine sectors (LABELWISE, 2018).

## 5.4. Enhancing knowledge and data about small businesses

The track record on SMME contributions to sustainable development has been hindered by poor data. This relates to a general paucity on the participation of marginalised stakeholders, such as SMMEs, women and the youth in the (green) economy, and the tendency to ignore the effect of the socio-economic structure on sustainable development. In addition, in order to have a better grasp of the development gap, the measurement and tracking of support targeted at green entrepreneurs, through funding or technical support (ECA, 2015), is required. For instance, it is difficult to obtain evidence on SMMEs in general, and almost impossible for those in the green economy (SEED, 2015a) and/or operating in the informal sector. This in turn makes the design of tailor-made support programmes targeting such enterprises difficult.

## 6. Conclusion

Current developmental challenges mandate a green economy in which small businesses are active participants, as beneficiaries and solution providers. Small businesses are crucial drivers of innovation, economic development, inclusion, inequality reduction and environmental protection, particularly in developing economies. In other words, they represent an opportunity for wider system transformation.

However, small businesses still face significant obstacles and tend to be left behind. As a result, they fail to deliver their full potential. Small enterprises, particularly those championing the transition to a green economy, are thwarted in their efforts to improve by outdated skills and knowledge, poor access to markets, sporadic access to uncertain advice and information, limited financial support, inadequate resources, inappropriate technology, hostile laws and policies, and systemic institutional and policy constraints.

This situation calls for new framing of small business development, taking a sustainable development approach. Small businesses need to be understood beyond their 'economic' contribution. Small businesses are a key lever to address all 17 SDGs and unlocking their potential is the key to achieving sustainable development, by bridging the gap between economic development, social progress and environmental stewardship.

Key interventions to foster a better understanding of small businesses from a green economy perspective are paramount to designing effective and efficient instruments and solutions to address obstacles hindering the development of sustainable small businesses. Such policy interventions could include:

- **Voice:** providing a voice to small businesses by ensuring their meaningful participation in policy- and decision-making processes and their inclusion in public policy (SEED, 2015b);
- **Policy coherence:** recognising and enabling small businesses through a smart regulatory and policy environment, particularly through a 'do no harm' attitude towards small businesses and the informal sector; the introduction of a simple legal form for social enterprises of all sizes and support for the self-organisation of informal and small businesses (The Ground Up Association, 2018);
- **SMME networks:** actively assisting small businesses, by supporting small business networks aimed at fostering learning and knowledge sharing in a non-competitive environment and providing training in business development (Hofman and Hopkins, 2016); and
- **Markets and support:** opening the market space for small businesses by championing their potential, and supporting the creation of market through procurement, promotion schemes, certification, eco-labelling, and reward mechanisms for green small businesses (IIED, 2016).

The just and fair transition to a green economy is anchored on harnessing the power of small businesses. In turn, failure to do so, risks undermining the sustainability of the transition. Ultimately, providing an enabling and supporting environment for sustainable small businesses to thrive is a sine qua non condition of the transition to a low-carbon, climate-resilient and just economy and society.



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