

# Climate-Proofing SMEs

## Context

Small and Medium Enterprises (SMEs) play a major role in most economies. They account for about 90% of all businesses<sup>1</sup> and around 70% of employment worldwide<sup>2</sup>, making them central to communities and the engine of the “real economy”. As such, the actions of SMEs are key to achieving a just transition to a resilient, net zero economy that delivers equitable human and economic development. SMEs’ agility and ingenuity makes them a source of innovation. Yet, despite their integral role, they have largely been overlooked as part of the solution. 63% of SMEs already committed to net zero have not been asked by any stakeholders to reduce emissions and 84% have not been offered financial incentives to do so<sup>2</sup>.

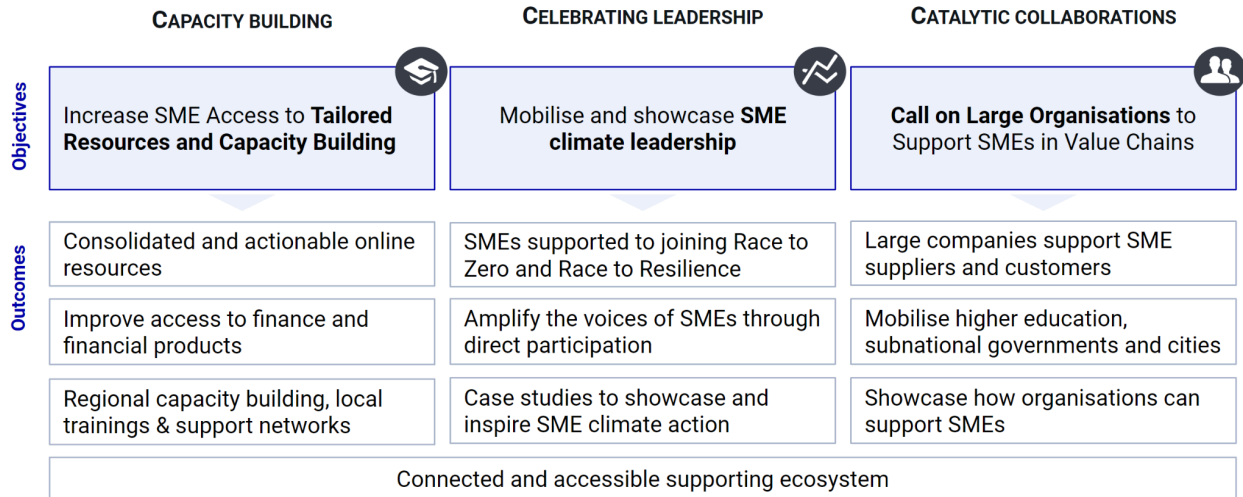
SMEs are disproportionately vulnerable to climate-related risks and shocks. 66% of SMEs in emerging markets reported having already been affected by climate change<sup>3</sup>. While medium sized enterprises sit at the heart of industrial supply chains, the majority of SMEs are also informal enterprises that face significant barriers in accessing infrastructure, finance and markets<sup>4</sup>. SME owners and employees - often women, youth, and indigenous communities - face intensified challenges as marginalized groups. As such, SMEs often lack the skills and resources to identify and implement mitigation and adaptation measures<sup>5</sup> while facing numerous challenges, including global supply chain constraints and finance barriers.<sup>6</sup> This leaves many SMEs institutionally isolated, unable to capitalize on the opportunities of the transition and at risk of being left behind.

## Objectives

Recognizing the challenges faced by SMEs and opportunity their action presents, the COP29 High-Level Champion, Nigar Arparadai, launches the “**Climate-Proofing SMEs**” campaign to:

1. Increasing the awareness and reach of initiatives and resources supporting SMEs to take climate action
2. Celebrate SME climate ambition and leadership and provide a platform to increase representation and visibility of SME climate action
3. Leveraging the power and resources of larger organizations, particularly corporations and financial institutions, to engage and support SMEs in their value chains

The High-Level Champion rallies global and local actors to contribute to the campaign across these three objectives according to their unique capabilities. By including non-state actors of all kinds, the campaign aims to build a reinforcing ecosystem of support by connecting global resources and climate expertise with organizations reaching SMEs on the ground. The campaign will leverage the High-Level Champion and COP29 platform to emphasize the importance of climate-proofing SMEs. It will amplify the success achieved by campaign collaborators towards a number of concrete outcomes, building a consistent narrative and momentum on this important topic towards COP30.



## FAQs

### *How do you define SMEs?*

Micro, small and medium-sized enterprises (MSMEs) are defined differently across countries but are typically distinguished by number of employees, total assets, and/or annual sales. This campaign generally considers SMEs to be enterprises employing fewer than 250 persons as the most universally recognised categorisation<sup>7</sup>, but invites organizations to self-identify as SMEs based on national and industry norms.

### *Who is involved in the campaign?*

For an overview of campaign collaborator organizations, including local mobilisers, please visit the [campaign website](#).

## References

- <https://www.worldbank.org/en/topic/smefinance>
- <https://smeclimatehub.org/2024-survey-download/>
- <https://www.ilo.org/topics/micro-small-and-medium-enterprises>
- <https://webapps.ilo.org/infostories/en-GB/Stories/Employment/SMEs#intro>
- <https://www.ilo.org/media/367396/download>
- <https://irff.undp.org/press-release/undp-and-general-are-building-sme-resilience-asia>
- <https://www.ilo.org/publications/how-msmes-can-contribute-and-benefit-just-transition>

For further inquiries please contact [climateproofingsmes@climatechampions.team](mailto:climateproofingsmes@climatechampions.team)