

Environmental Sustainability and Climate Strategy

Why do small businesses matter in achieving net zero?

A significant portion of large companies' emissions, up to 90%, comes from their value chains, which are predominately made up of small and medium-sized enterprises (SMEs).¹ These are Scope 3 emissions, which account for the majority of large carbon footprints, including all indirect emissions from supplier activities across a value chain. Including small businesses in the journey toward net zero is imperative, given that they represent 90% of the world's businesses, provide 60% to 70% of the world's jobs, and are drivers of Scope 3 emissions.

Sustainability as a transformative opportunity

Climate investments represent a huge economic opportunity for small businesses — an incentive to change their practices and create a triple-bottom-line benefit for over 2 billion people.² Small businesses are often the weakest link in a value chain due to low capacity to combat climate-related issues or lack of information, but investment in sustainability can transform the resiliency of both small businesses and value chains as a whole. Research shows that companies that implement sustainable business models report better financial performance and are better positioned to withstand climate and economic shocks.³ Supporting small businesses in their sustainability transformation is essential for developing the green economy, meeting the United Nations (UN) Sustainable Development Goals (SDGs), and achieving the targets established in countries' national climate plans Nationally Determined Contributions (NDCs).

Building Markets supports businesses in NDC priority sectors in Colombia, Türkiye, and Myanmar.



71% of the businesses in our **Colombia** network work in the country's NDC priority sectors, including trade, tourism & industry, transportation, health, and agriculture & rural development.



34% of the businesses in our **Türkiye** network work in the country's NDC priority sectors, including manufacturing, construction, transportation, agriculture, and water sewerage waste management.



750 businesses in our **Myanmar** network work in the waste & recycling sector, which cuts across the country's NDC sectors.

How does Building Markets impact environmental sustainability through small business support?

Building Markets' mission is to build inclusive economies for small businesses so that all people have the opportunity to rise. We support small businesses in their sustainability journeys through two primary streams:

- 1 Greening small businesses: Reducing the environmental impact and increasing the circularity and resource efficiency of small businesses across all sectors; and
- 2 Strengthening sustainable value chains: Increasing participation of small businesses in sectors aligned with global climate goals and national emission reduction targets set out in NDCs, including textiles, leather, electronics, renewable energy, construction, food and beverage, and waste and recycling.

1. Reuters. "We'll only beat climate change if we help small businesses cut emissions – and fast." March 2023.

2. SME Climate Hub. "New data reveals two-thirds of surveyed small businesses concerned over navigating climate action." February 2022.

3. Arabesque. "From the Stockholder to the Stakeholder." March 2015.

Small business impacts in recycling and waste management

Building Markets currently has a network of 750 small businesses from across the recycling and waste management value chain in Myanmar. To date, our SME network in the country has collectively processed approximately 30,757 tons of PET, 101,067 tons of aluminum, and 429,235 tons of glass per year, successfully diverting these waste materials from the landfill. In addition, the small businesses have contributed to a total carbon emissions savings of 4,602,370,366 kg CO₂e and water savings of 18,896,722 m³ of water per year.

What we do

Building Markets delivers support through six primary activities. In all of these activities, we apply a gender lens to ensure that our interventions address the unique constraints women entrepreneurs face.



We **conduct environmental impact assessments** using our environmental impact calculator, a tool that we developed and tested with small businesses in Myanmar. This assessment allows firms to understand their carbon emissions and, importantly, start a conversation around how their operations and market positioning might be adjusted to better impact people, profit, and the planet.



We **provide training courses** using sector-relevant case studies and our [Circular Economy Toolkit](#) to begin a process of self-assessment and initiative planning for each small business. This helps firms enhance their understanding of sustainable practices and integrate them into business operations to generate environmental performance and value creation.



We **matchmake across businesses** within our network to strengthen sustainable supply chains and increase circularity. We **foster connections** between environmentally-conscious small businesses and sustainability-focused markets, both locally and globally, to strengthen sustainable supply chains and increase circularity. We also **create platforms** for small businesses to showcase and promote eco-friendly products and services.



To encourage sustainability improvements, we **share emerging trends** in global, regional, and national environmental regulations; **share case studies** on corporate initiatives related to Environmental, Social, and Governance (ESG) or Corporate Social Responsibility Directive (CSRD) compliance; **support small businesses in receiving funding** to transition to renewable energy; and explore how small businesses may participate in and benefit from carbon credit markets.



We **monitor small business progress** against climate and sustainability improvement plans to ensure advancement.



We **engage with regional and national government partners** to mobilize resources and design policies and programs to support small businesses in the sustainability journey.

In addition to job creation and improved worker outcomes, our programs will contribute to the following environmental goals:

-  Reducing waste and greenhouse gas emissions
-  Promoting circular economy business models
-  Encouraging resource efficiency
-  Promoting sustainable supply chains
-  Enhancing environmental awareness
-  Building climate and economic resilience
-  Advocating for an enabling environment for sustainable business practices

We'll only beat climate change if we help small businesses become more sustainable.

