



Small Business, Big Impact: Bringing MSMEs into National Climate Plans

Micro, small and medium-sized enterprises (MSMEs) are the backbone of economies around the world. They represent around 90% of firms, create 60 to 70% of jobs, and contribute to 50% of global gross domestic product.

Agile and deeply rooted in their communities, they bring knowledge and networks that make them essential allies in climate action. They also account collectively for 40 to 60% of greenhouse gas emissions—meaning that the world cannot stay within the Paris Agreement’s temperature limits without them.

The new round of Nationally Determined Contributions (NDCs) under the Paris Agreement—NDCs 3.0 provi-

des an opportunity to drive a full-fledged economic transformation that addresses our climate crisis effectively. But most national climate plans do not meaningfully include MSMEs in their commitments.

For NDCs 3.0 to fully deliver, countries must build a far stronger bridge between economic activity and environmental action, and that means MSMEs must be part of the conversation. With more of these firms increasingly taking part in international trade, NDCs 3.0 must also factor in the role of trade policy and practice in climate change mitigation.

Aligning Small Business and Trade with Nationally Determined Contributions

The International Trade Centre (ITC) has published “Aligning Small Business and Trade with Nationally Determined Contributions,” a practical guide for policymakers on integrating trade policy considerations and MSMEs into NDCs.

The guide provides insights that:

- Explains why governments should integrate MSME voices and needs into climate policy planning.
- Highlights the links between trade, competitiveness, and climate action.
- Gives tools and recommendations to help policymakers include MSMEs in national climate plans.

- Helps identify key entry points and priority economic sectors for MSME engagement.
- Outlines how to engage stakeholders and design policies that integrate MSMEs in both mitigation and adaptation.
- Offers strategies to mobilize finance, build capacity, and strengthen governance for effective implementation.

ITC’s approach demonstrates how ministries, technical agencies, and Business Support Organizations (BSOs) can join forces to translate strategy into action, from policy design to implementation.

How ITC Supports Countries Integrate MSMEs into Climate Goals

MSMEs and BSOs face significant challenges when trying to convey their needs to policymakers in the climate and trade policy domains. These issue areas are often highly fragmented, with key actors spread out across different ministries and agencies, and with policies spanning from the municipal to the multilateral levels. The climate and trade policy communities also risk

operating in silos.

To address these issues, capacity building support and platforms for small business to express their needs are essential so that they can interact with policymakers effectively—from the initial design and planning of NDCs and related policies through to their implementation.

ITC's support spans several workstreams:

National Consultations Involving MSMEs, BSOs, Government and Civil Society Representatives

- Facilitate multi-stakeholder dialogues to raise awareness, identify challenges, and set priorities.
- Produce a consensus note and action plan for MSME inclusion in climate action.

Policy Design and Review

- Review existing regulations and support mechanisms to improve MSME access to climate programs.
- Develop sector-specific briefs on pressing issues such as climate finance and regulatory compliance.

Country MSME Evidence Notes

- Analyze MSMEs' economic footprint, emissions, and climate mitigation and adaptation potential.
- Provide evidence-based guidance for national climate plans or NDCs.

Sectoral MSME Mapping

- Identify priority MSME sectors and evaluate their integration into climate strategies.
- Deliver a summary report with targeted recommendations for action.

Empowering Business Support Organizations

- Strengthen BSOs' capacity to translate policy into practice at scale.
- Use ITC tools to identify green market opportunities and provide practical guidance.

Iraq's Inclusive Climate Goals Through the Lens of MSMEs

Iraq is vulnerable to climate change, but regulatory barriers and funding gaps make it difficult to respond effectively. MSMEs account for 90% of the private sector jobs and central to Iraq's economy. At the same time, Iraq is working to expand trade and advance World Trade Organization accession to deepen global integration.

At the formal request of the Government of Iraq, through the Ministry of Environment, and building on the NDC guide, ITC has partnered with the United Nations Development Programme (UNDP) to ensure that trade policy considerations and MSME voices and needs are represented in Iraq's updated NDCs 3.0. ITC worked with local experts, the Ministry of Trade, the Ministry of Environment, trade unions and sector associations to build a shared understanding of MSMEs' role in Iraq's climate goals.

This collaboration led to a technical note on MSME and trade priorities being included in Iraq's NDCs 3.0, which was endorsed by the Iraqi Government in November 2025. The initiative shows how ITC can help governments align trade and environmental policy, positioning MSMEs as key partners in climate action.

About the International Trade Centre

The International Trade Centre is the joint agency of the World Trade Organization and the United Nations. It supports MSMEs in developing and transition economies in becoming more competitive in global markets while contributing to sustainable economic development.

Please scan the QR code to download the policy guide "Aligning Small Business and Trade with Nationally Determined Contributions".

Contact us for practical, evidence-based guidance on your climate and trade initiatives:

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