

MSMEs Capacity Building on Race to Net-Zero

Background

Micro, Small and Medium Enterprises (MSMEs) are the backbone of the global economy, they represent approximately 90% of businesses worldwide. In India the MSME sector accounts for 30% of India's GDP and 49.5% of exports¹. But at the same time, MSMEs generate around 110 million tonnes of CO2 equivalent greenhouse gas emissions, according to a report by the Centre for Study of Science, Technology & Policy (CSTEP)². They are resource constrained and not always aware of opportunities and incentives available for adopting sustainable practices. MSMEs require guidance to take climate action and strong technical and financial support to implement more sustainable practices. MSME action is a critical component in order for countries to deliver on their climate commitments.

There is a strong business case for MSMEs to adopt sustainable practices, more so in emerging markets. This case is driven by buyers' requirements (especially in Global Value Chains), increasing consumer awareness, more funding available for sustainable enterprises and tightening regulations both at the domestic and international level. Further it is important for businesses to be more sustainable due to increasing uncertainties arising from climate change, widespread supply chain disruptions, increasingly scarce resources, in addition to imploring businesses to address their adverse environmental and social impacts. This makes it impossible for businesses to turn a blind eye to the sustainability discourse.

As India is committed to achieving net-zero, MSMEs can play a very important role in contributing to this goal. MSMEs are often constrained by lack of appropriate tools and knowledge to start their journey on more sustainable and resilient outcomes. To this end, the **Centre for Responsible Business (CRB)** has partnered with **The SME Climate Hub** to accelerate MSME action on net-zero in 2023. MSMEs can begin their journey to reduce emissions with the SME Climate Hub's free tools and resources and can discover how taking action can save their business money, help gain market share, and create more resilience amidst changing customer and regulatory demands.

The objectives of the initiative are:

1. To **create awareness and undertake capacity building** for MSMEs about GHG emissions and potential measures to reduce the same.
2. To **engage with important stakeholders** like Financial Institutions, Central & State Governments, Industrial Departments, Industry Associations, and Brands & Corporates to support MSMEs for taking action on GHG emissions reduction.
3. To create and **disseminate knowledge products** such as case studies, blogs, articles etc.
4. To encourage SMEs to **initiate action** on GHG emissions reduction via net-zero commitments made through the SME Climate Hub

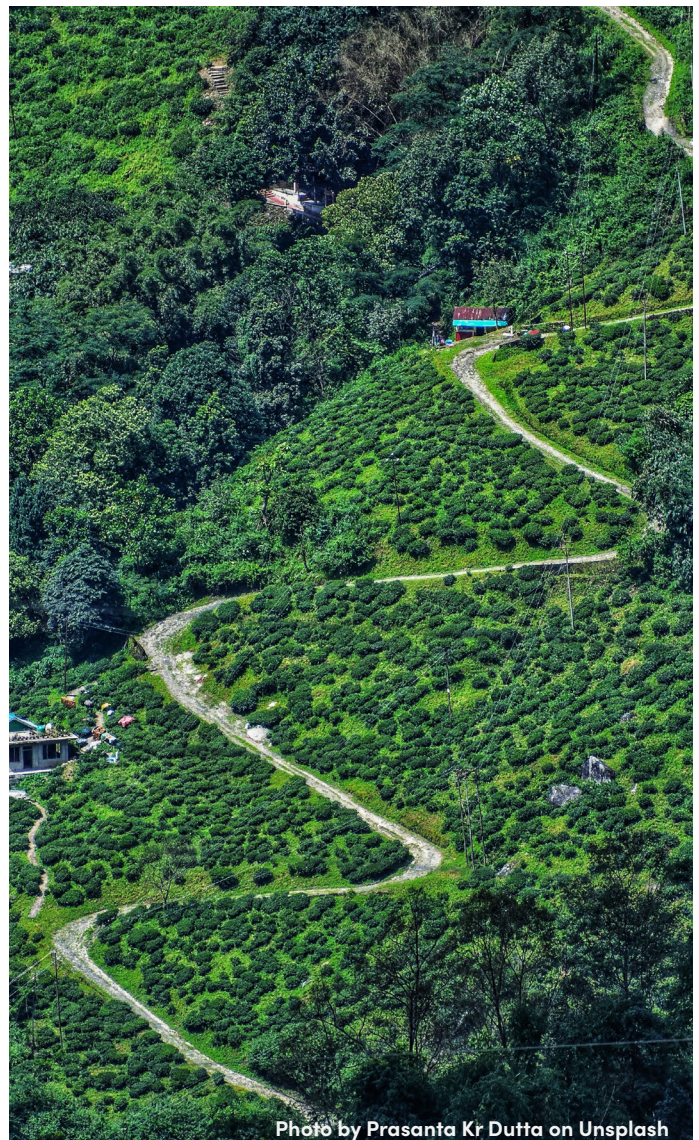


Photo by Prasanta Kr Dutta on Unsplash

¹ <https://msme.gov.in/sites/default/files/MSMEANNUALREPORT2022-23ENGLISH.pdf>

² https://www.cstep.in/drupal/sites/default/files/2020-04/CSTEP_Report_Roadmap_for_achieving_Indias_NDC_pledge.pdf



Photo by Hassan Afridhi on Unsplash

The initiative will focus on MSMEs in the apparel/ textile and the foundry sectors and undertake the following activities:

- ▶ **Cluster profiling** (demographic and emissions profiling to the extent possible)
- ▶ Capacity building **workshops dedicated to the MSMEs** race to net-zero.
- ▶ Facilitate commitments of MSMEs to the SME Climate Hub and to help **MSMEs access resources** such as the Business Carbon Calculator, Climate Fit course, Financial Support Guide etc.
- ▶ **Solicit feedback from MSMEs** on the ease and usefulness of the SME Climate Hub to make the necessary refinements.
- ▶ Develop **evidence and peer learning opportunities** through case studies from MSMEs that have made the SME Climate Commitment.

The SME Climate Hub requires MSMEs to make a **commitment** to positive climate action. The commitment specifically calls for:

- Halving greenhouse gas emissions before 2030
- Achieving net zero emissions before 2050, and
- Disclosing progress on a yearly basis

Thousands of MSMEs globally have made the SME Climate Commitment. This is an opportunity for Indian MSMEs to contribute to the Race to Net Zero while building resilience in their business.

About the Centre for Responsible Business (CRB)

Centre for Responsible Business (CRB) is a nonprofit organisation that was established in 2011 as a think-tank to promote and facilitate uptake of sustainable business practices across various sectors in India, supported by evidence (policy & action research), knowledge (capacity building & advisory) and network (multi-stakeholder platform/fora). CRB considers sustainable business as a complex issue and defines it using a framework comprising six thematic areas: Circular Economy, SMEs & Sustainability, Environment & Climate Change, Voluntary Sustainability Standards, Private Sector & SDGs, Business & Human Rights

About the SME Climate Hub

The SME Climate Hub is a non-profit global initiative that empowers small to medium sized companies (SMEs) to take climate action and build resilient businesses for the future. The SME Climate Hub is an initiative of the We Mean Business Coalition, the Exponential Roadmap Initiative and the United Nations Race to Zero campaign in collaboration with Normative and the Net Zero team at Oxford University.

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