



Local Green Enterprises

*Building Movements of MSMEs within
India's Transition to an Inclusive Green Economy*

Green Economy Coalition
Global Annual Meeting
4-6 February 2020
New Delhi, India

Green Economy Coalition

India



The **Green Economy Coalition** is the world's largest movement committed to accelerating the global transition to green and fair economies. This is a new type of institution which mobilises multiple organisations – including global institutions, businesses, civil society, trade unions and people's movements – towards a shared responsibility and collective action. The network now spans across six continents, comprising 50 members, and continues to grow. It tackles some of the biggest challenges of the world: extreme poverty, climate change, biodiversity loss, rising inequality and weak governance.



Development Alternatives (DA) is a premier social enterprise with a global presence in the fields of green economic development, social empowerment and environmental management. It is credited with numerous innovations in clean technology and delivery systems that help create sustainable livelihoods in the developing world. DA focuses on empowering communities through strengthening people's institutions and facilitating their access to basic needs; enabling economic opportunities through skill development for green jobs and enterprise creation; and promoting low carbon pathways for development through natural resource management models and clean technology solutions.



The **Partnership for Action on Green Economy (PAGE)** seeks to put sustainability at the heart of economic policies and practices to advance the 2030 Agenda for Sustainable Development and supports nations and regions in reframing economic policies and practices around sustainability to foster economic growth, create income and jobs, reduce poverty and inequality, and strengthen the ecological foundations of their economies. PAGE brings together five UN agencies – UN Environment, International Labour Organization, UN Development Programme, UN Industrial Development Organization, and UN Institute for Training and Research – whose mandates, expertises and networks combined can offer integrated and holistic support to countries on inclusive green economy, ensuring coherence and avoiding duplication. The nodal ministry for PAGE in India is the Ministry of Environment, Forest and Climate Change (MoEFCC).



The Green Economy Coalition is funded in part by the **European Union** DCI-ENV/2016/372-847. The European Union is a unique economic and political union between 27 EU countries that together cover much of the continent. It spans many different policy areas and provides funding for a broad range of projects and programmes covering areas such as regional & urban development; employment & social inclusion; agriculture & rural development; maritime & fisheries policies; research & innovation and humanitarian aid.

NEW DELHI 2020

Environmentally conscious Micro, Small and Medium Enterprises – or what we call “Local Green Enterprises” (LGEs) – are those that build their business models on the green economy principles of valuing nature, resource efficiency and social justice. These LGEs are critical enablers of green and inclusive economy at the grassroots.

The GEC Global Annual Meeting 2020, with a special focus on India, was held from 4 – 6 February 2020 with an aim to build on a global momentum that recognises the instrumental role of Local Green Enterprises in achieving the SDGs and to build their stake in the transition to green and inclusive economies.

Global Annual Meeting

New Delhi 2020

Why?

- **Take stock** of the global trends, experiences and stories from across the world, especially the seven GEC country Hubs
- **Promote solidarity** around a shared narrative of green and inclusive economies in the Indian context
- **Build synergies** with policy and decision makers to take on board the concerns of Indian civil society, green entrepreneurs and other stakeholders in enabling a supportive ecosystem for Local Green Enterprises

Who?

- 180+ participants over the three days, including 40+ Local Green Entrepreneurs, 50+ Technical Experts, 40+ NGOs, 20+ Financiers and Business Groups, 10+ Government officers and 20+ UN officials

What?

- Day I: The Seven GEC Country Hubs reiterated the role of LGEs in creating jobs and contributing to local economy, protect local knowledge and social capital while conserving the natural assets. The GEC Secretariat shared the Green Economy Tracker - a useful and potent tool to initiate dialogue on Green Economy Issues in countries and drive legislative ambition.
- Day II: Facilitated interaction with LGEs from agriculture, construction, energy, waste, tourism and crafts sectors. Key principles of Green and inclusive economies discussed and a joint statement by Indian civil society and green entrepreneurs was developed, that calls upon the Government of India to build enabling conditions for LGEs.
- Day III: In partnership with UNEP PAGE India programme and other key institutions, technical discussions led to recommendations for financing LGEs, procurement systems congenial to LGEs and developing a frame for Triple Bottom Line Assessment by the LGEs.

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Learning from and aggregating experiences of diverse local green entrepreneurs across various sectors and geographies in India

3. 6 February 2020 **Day III: BUILDING SYNERGY**

Recommendations on action and policy strategies to create an enabling ecosystem for LGEs with the Government of India and UN-PAGE bodies

4. Supporters and Partners



Day I: TAKING STOCK

Identifying and understanding the core components of
an inclusive green economy from a global perspective

Highlights



Policy

- European Union (EU) Green Deal - €1 trillion over the next decade; 25% of entire European budget. Includes 'Just transition' fund
- 'Zero carbon' becoming the norm: UK, EU, Bhutan, Costa Rica, Denmark, Fiji, Finland, France, Iceland, Japan, Norway, Portugal, Sweden, Switzerland, the United Kingdom and Uruguay
- China on track to account for 40% of the clean energy mix by 2022; India's renewable energy generation set to outstrip EU's
- UNPAGE, Global Green Growth Institute, OECD are all directly engaging with national governments
- Network for Greening the Financial System (NGFS) led by Bank of England and Bank of France now also has 'climate stress testing' portfolios
- National roadmaps for sustainable finance emerging (EU, China, Morocco, Indonesia, Italy) New Zealand, Scotland, Iceland all going 'beyond GDP'
- India came up with
 - a resource efficiency strategy in 2017 and is currently drafting a national roadmap for the same
 - The country's progress across 17 SDGs is voluntarily reviewed with a special task force designated for the purpose
 - a major public financial institution (SIDBI) has introduced a new scheme called the Sustainable Finance Scheme
 - The International Solar Alliance was initiated by India to meet its NDC targets
 - As part of the PAGE programme in India, the Government set-up a task force on Sustainable Procurement.

Business and Finance

- Global Risk Report (WEF) puts the top risks as environmental and social
- Green bonds and social impact investment
 - Global impact investment market \$228 billion in 2018 (doubled since 2017)
 - Green bonds now \$521 accumulatively since 2007
 - Blackrock, the world's largest investment firm managing over \$6 trillion of assets, urging companies to focus on societal responsibilities; UBS committed to at least \$5 billion of private client assets to impact investing related to the SDGs
- Divestment movement grows to US\$ 8 trillion

E.g. Institutional investors committed to cutting fossil fuel stocks from their portfolios rise from 180 to 2014 to 1,100 in 2019; E.g. Norwegian sovereign wealth fund divesting from 134 countries
- Sharp increase in natural and social capital accounting

E.g. Capitals coalition over 300 businesses

E.g. Companies undertaking 'environmental profit and loss' accounts



"Change happens by bringing in the voice of the excluded and building social movements. We have to crystallize the idea of change, demanding a new economy from the government and businesses"

Oliver Greenfield

Convenor, Green Economy Coalition

Low Lights

- Most economic decisions still fail to account for natural or social capital
- Financial flows to 'brown' economy still dominate
 - \$5.2 trillion spent on fossil fuel subsidies in 2017 - 6.5% of global GDP. China, the US, Russia, the EU, and India are the highest spenders
 - Green bonds less than 1% of the bond market
- Social / green impact investment struggling to reach the ground
- Multilateralism is under severe stress
 - Conservation of Biological Diversity (CBD) under-resourced and lacking in ambition
- The world's attention is on carbon, while nature is being forgotten



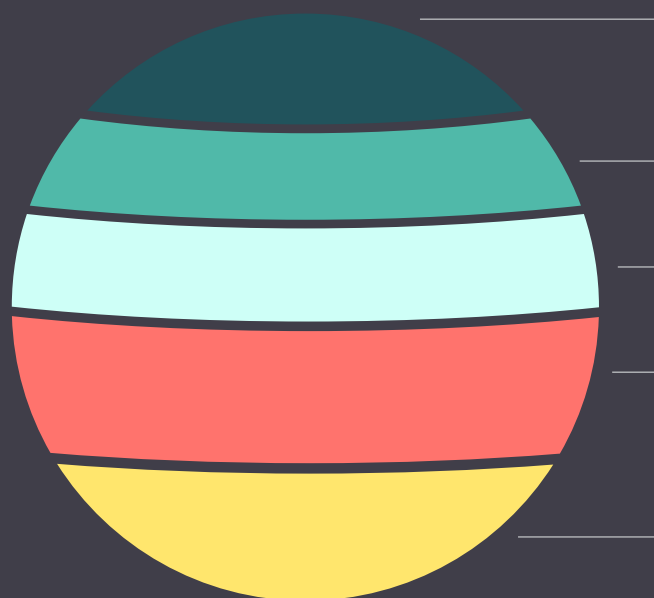
"People are measured in terms of capital. How to get capital moving in the right direction is fundamental to shaping the way markets work and how money flows."

Steven Stone

Chief, Resources & Markets Branch,
UN Environment

Green Economy Tracker

20 trackable policies across 5 themes.



Governance

- National Green Action Plan
- Inclusive Governance
- Sustainable Business
- National Wealth Accounting

Finance

- Green Finance Plan
- Green Fiscal & Monetary Policy
- Safe & Accountable Banks
- Pricing Carbon

Sectors

- Green Sectoral Policy
- SME & Social Enterprise Incentives
- Carbon Budgeting
- Clean Energy Policy

Equality

- Green Jobs
- Pro-Poor Policy
- Inclusive Policy
- Innovative Social Protection

Nature

- Ocean & Land Protection Plan
- Natural Capital Accounts
- Natural Capital Committee
- Natural-Oriented Fiscal Reform

greeneconomytracker.org

The GEC Secretariat shared the Green Economy Tracker which is one of the first tools of its kind to benchmark how nations are transitioning to green and fair economies. It currently tracks 20 countries across 5 themes based on 20 trackable policies. The Tracker is a useful and potent tool to initiate dialogue in countries and drive legislative ambition.

The seven GEC country hubs reiterated the role of Local Green Enterprises in creating jobs and contributing to local economy, protect local knowledge and social capital while conserving the natural assets. They highlighted some critical issues that cut across national contexts:

- Issues of definition are key, with LGEs being a somewhat fuzzily-defined concept in different regions;
- Many LGEs continue to stay informal due to a lack of an enabling regulatory framework that meets needs of green entrepreneurs.
- Financing needs, consumer awareness and value chain

development are some of the identified critical areas to enable Local Green Enterprises.

At the global level, new social movements are creating demand for change and stimulating action by global decision makers. This global story of trends must acknowledge the difference in perspectives of the Global South from that of the Global North. The local narrative from hubs and other important stakeholders in the developing countries needs to be taken into account to help contextualize the struggles and movement. Many such movements for social rights, inclusion and ecological conservation are being led by local leaders across various countries.



The Seven GEC Hubs



The Wood Wide Web - Summary of Day-I

Small biz is great; it pulls its weight - beyond just GDP
It works for folk who wear the yoke – and live in poverty
The women and the youth find jobs, and social capital
And built their knowledge, links and wherewithal

We saw their role and felt their soul, throughout the GEC
We're on the edge of movement now that links to policy
For they are many, while we are few – yet we can do a lot
By listening to their voice and understanding what they want

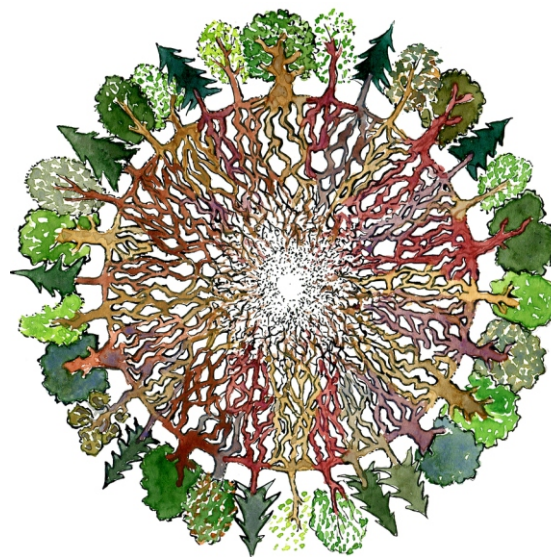
Some wish to stay informal - we struggle with that thought
Yet legal rules that favour brown – leave little space for ought
This hidden space they occupy is dry, unwatered by the rains
Of finance, customers and value chains

They must be green, what does that mean? We need a definition
With SDGs, and climate change and biodiversity vision
Yet let's be clear, for green is dear, it costs a great deal more
And can they see, a way to be, that's relevant and opportune?

The global scene, the macro view - we saw the world together
The climate news and species blues has everyone a dither
Inequity and poverty, investment in the planet
There some good change, but still the mangle of brown economy

We have less time, there's urgency, we must reform economy
Our strategy and tracker tool, they offer us transition
We must connect to people power - like Greta Thunberg does
And be a network, linked and strong, that brings the voice of many

We can connect across divides, between the mighty and the small
For as a forest has its roots, the world its the people has
In many millions, across all lands, the most of which are hidden
We must now form with them prosperity that's fair and green for all.



Stuart Worsley
Programme Director,
Green Economy Coalition

What we found?

...important for Green Economy transition
work to do for MSMEs?



...important for Green Economy transition
work to do at the global level?



...important for Green Economy transition work to do in countries?



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04 – 06 February, 2020

Development Alternatives | Indian Habitat Center



Day II:

BUILDING SOLIDARITY

Learning from and aggregating experiences
of diverse local green entrepreneurs across
various sectors and geographies in India

Green Entrepreneurship from the lens of Gandhi's Gram Swaraj



*"I will give you a **Talisman**.*

Whenever you are in doubt, or when the self becomes too much with you, apply the following test.

Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to control over his own life and destiny? In other words, will it lead to swaraj [freedom] for the hungry and spiritually starving millions? Then you will find your doubts and your self-melts away."

– Mahatma Gandhi

Panel Discussion : Gandhian thought on economic development - Its relevance and interpretation today

Gandhi's Sarvodaya (the welfare of all) philosophy, which paves the way to Swarajya (self-rule), has local economy as the nucleus. The concept 'Think Global, Act Local' can be interpreted as the manifestation of Gandhi's model of self-reliance, development and prosperity. Local development has been central to his vision. Sustainability is embedded in the Gandhian approach to development.

Key Principles of Gandhian Philosophy...

- **Village Swaraj** - Self-reliance; Local economic development; Local Self-Governance
- **Advaita** - Non Duality and a Systems Approach that recognized integration of all spheres of life and interdependence of all phenomenon.
- **Trusteeship and Limitation of Wants** - Fundamental respect for earth's finite resources
- **Sarvodaya** - Welfare and Progress of All
- **Antodaya** - Catering to the needs of the most vulnerable being inclusive

Hind Swaraj provides a critique of imperialism and it builds into a specific nature of swaraj, this was called as "knowledge swaraj" by Professor Shambhu Prasad, IRMA. The science that Gandhi's Hind Swaraj offers rethinks India's and the global future by discussing and developing the alternatives with co-workers. Khadi was a symbol for alternatives.



Installation of Solar Panels



E-rickshaw driven and managed by a woman in Uttar Pradesh, India

A few key elements of the Gandhi's philosophy –

The first is **experimentation** that brings evolution and continuous learning as central to any system. This highlights the ability of communities to create alternatives, critical element to any change. The second element is that of institutions. Institutions in any system define the way they work towards outcomes. The country and the world are yet to explore **institutions** based on philanthropy and trusteeship. It is also critical to understand that no one model can be replicable and can be scaled up.

One needs to prevent too much affinity to the word scale as many times it comes as contradiction to sustainability. Extremely high and irrational expectations from MSMEs will end them up in a phenomenon that Shambhu Prasad calls as "Soonicorn" – Soon to become Unicorn. In such a case, this can lead to frustrations and failures of the MSMEs eco-system that is gradually learning.

Eika Banerjee, from Future Learning stressed on the importance of "Scaling-Out and not Scaling-Up" saying it might lead to internal contradictions between sustainability and the obsession with scale.

Moving to greener Inclusive economies...

The culture of the urban societies has percolated in the rural geographies of the country. Rural youth are paying less value to indigenous knowledge and crafts and would like to go for formal education. Concrete houses and urban ways of living are considered symbols of success even in rural remote villages. That is also driven by the kind of income that urban societies are offering. What a migrant labour can earn in three weeks in a city is around equivalent to his/her six months earnings in rural setting, according to Kumar Anubhav, leading the NotOnMap Initiative in India.

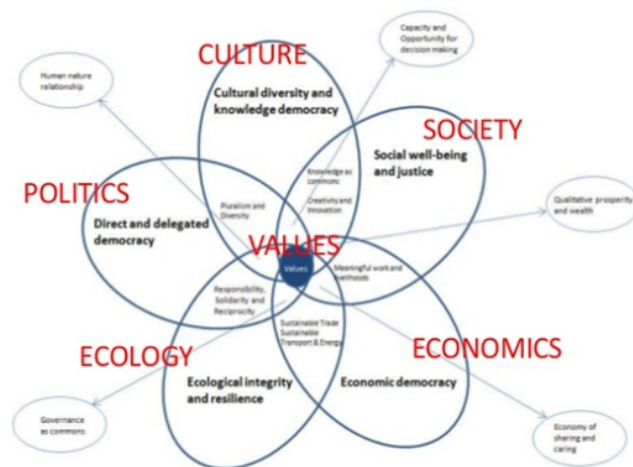
Eika Banerjee, highlighted the need to capitalise on native strengths. In the ever-growing consumer world, it is critical for local communities – entrepreneurs, farmers – to adapt and grow. Local enterprises produce from local resources and such enterprises can be linked to markets through innovative startups and the corporate world. A changed vocabulary which appeals the consumers in contemporary times can enable the local enterprises in reaching to larger and wider markets.

The biggest challenge in working with communities, especially women in the rural regions is that these locations are usually very remote, women are largely illiterate. From experience of working in Udyogini, Arvind Malik shares that focus on building a dialogue on how women can participate in the movement by understanding the production side, use the local resources sustainable and penetrate into the demand in the market. Aggregators that can build capacities of such women-based value chains and take forward the product post value addition to appropriate markets are critical. Without an enabling ecosystem, a self-employment-based livelihood in the rural communities is un-imaginable.

In the words of Ashish Kothari, “local green economies are not possible unless paralleled with radical political democracy.” Localisation of political democracy allows the power in the hands of local. In such a system, it is also critical that there is least distance between consumers and producers. Ideally, they should be living together in the same society. Dependence on external experts must be rejected. Swaraj will have to enable the society to look more inwards and lead to democratisation of knowledge. This means respecting ‘ordinary’ people as innovators. It includes recognising multiple knowledge systems and integrating them in educational institutions. Knowledge commons would thus need more encouragement rather than privatisation.



The Flower of Transformation



Source: 'The Search for Alternatives: Key Aspects and Principles', Vikalp Sangam, <http://www.vikalpsangam.org/about/the-search-for-alternatives-key-aspects-and-principles/>

Entrepreneurship Chaupal: Ecosystem Building at Meso Level

A Chaupal is a public place in rural India, where community members sit and discuss their problems, celebrate their pleasures, share their pains and sort out their disputes, often in consultation with holders of traditional knowledge and carriers of new ideas. The Entrepreneurship Chaupal brought together enablers working in different sectors to share their experiences that empower enterprises and communities to engage with the dynamic socio-economic ecosystem of green enterprises.

Social entrepreneurs, aggregators and other meso level actors often perform various functions for large number of micro entrepreneurs, farmers, artisans and community groups. These stakeholders extend their services to fulfill finance, knowledge and technology needs of the groups. They also put forward their perspective, suggestions, experience and ideas adopted in building solidarity and synergy among different stakeholders. Meso level enabling

agencies or mechanisms becomes important as in their absence, a large pool of innovative ideas remains isolated, and an opportunity to improve livelihoods and manage natural resources thereby building a sustainable economy is being missed.

The discussions brought out the unique role meso level players have to play in an ecosystem for entrepreneurship development – bridge the macro markets and regulations with micro entrepreneurs. Meso level is thus a space where one can co-create innovations, ways in which processes can be understood and levers can be identified in harnessing the potential socio-innovative ways of bridging the system. There are aspects of behavior, digital technology that experiences a break in the system between micro and macro. Collective decision making can enable in bridging these gaps.



"A lack of investment in technology for MSMEs has negative impacts on networks, collaborations and scaling up of efforts. Additionally, green innovative technologies can help MSMEs measure their environmental impacts."

-Amit Bose, Director, GIST India



"To enhance capacities of women, trainings and sensitization of women on the efficient use of energy must be accompanied by processes for their digital and financial inclusion."

-Madhu Sharan, President, Hand in Hand



"Arts and crafts enterprises are LGEs enabled by cluster development. The primary role of meso-level players in arts and crafts LGEs is to bridge the future between art and craft, urban and rural and universal and local"

-Ankush Seth, Founder, MATEE



"Dialogues (samvad) are essential to process of change, more communication between different stakeholders will lead to awareness and consensus on issues and solutions."

**-Ram Sanjeevan,
Director, Manviya Dristikon Sewa Samiti**

The Mela

A mela (fair) is a platform to showcase work and skills. For local green entrepreneurs working in different sectors across India, the Enterprise Mela provided such a platform. There were around 25 stalls from sectors like agriculture, waste, construction, tourism, energy, arts and crafts. This was an opportunity for local green entrepreneurs and participants to engage in conversation

to learn about practices, skills and green products. It also helped entrepreneurs to understand their market and further get inspired by the work of other fellow entrepreneurs. For the audience, it was an ideal and hands-on learning space about local, green and inclusive development.

From the perspectives of local entrepreneurs some critical roadblocks and breakthrough opportunities were identified in high impact sectors of the country



Agriculture

In case of supporting LGEs in agriculture sector it is critical to measure the monetary benefits that farmers should incur for not causing harm to biodiversity and providing various ecosystems services. A key driver towards change is educated and motivated people joining forces with small green farmers. Creating a network of community led grassroots organisations and entrepreneurs and using innovative communications has been a major success in many parts of the country. This can also enable creation of reliable and trustable brands that work in the favour of expanding markets for small agriculturists. Alternative financing schemes that are consumer led are also providing an alternative model for sustainability. Policies that can support such community supported agriculture are working in many parts of the world and an opportunity in India. Chef endorsement and other branding tools have also worked in many parts of the world and can be experimented in India to connect urban consumers to organic and small producers. One of the biggest opportunities from the end consumer is the savings from medical costs, by investing in healthier food systems.

Construction

LGEs in the construction sector have to majorly focus on utilisation of waste-based construction material and improve working conditions for laborers whilst skilling the unskilled. Roadblocks and opportunities in this sector can be regulatory or financial in nature or can also be based on recognition. In case of regulatory push, decisions from National Green Tribunal of mandating use of fly ash bricks in government projects within 300 km of power plants has been working well. In case of financial viability, incentivising green alternatives of bricks through lower GST rates and other incentives have been working in favour of promoting green. Changing perception of fly ash based and other waste-based bricks are critical, and thus recognition comes as the third critical opportunity. A critical factor of success is also by increase in acceptance levels from end users.

Tourism

For an LGE in tourism sector, a local identity, genuine local display of culture and one that is close to the ecology of the region are some of the key measurement themes. Some of the challenges include poor access to insurance, limited support systems and hand holding ventures to expand and sustain. Social media has been a breakthrough in expanding sustainable and responsible tourism – thus connecting such customers to the locally entrepreneurs building on such experience. Access to financial sources through impact investors and angel investors, beyond the formal banking sector has been of help to the sector. Several small but significant initiatives across the country highlights good curated content and personalised experience for travelers have shown that this is possible. Partners and synergies for aiding such work; and lateral linkages with related fields like crafts and waste can be of great boost to local green entrepreneurs of both the sectors.

Energy

The success factors for a green and inclusive energy sector includes issues pertaining to access of clean and green energy for all. Along with accessibility, inclusive green energy should also be acceptable and easy to use, being duly cost competitive for the consumer. The Government of India will have to make bold moves towards incentivising decentralised and local solar and renewables. It has already made some very large commitments. Community initiatives for driving community run energy-based enterprises can be a good opportunity. Technology demonstrations, investing in research and development and pilots can be instrumental in up-scaling of green energy.

Waste

Managing waste is a challenging task due to the quantum of various types of waste being generated on a daily basis. Various categories, solid waste, waste water, e-waste, medical waste, etc, were discussed, however the session focused primarily on Municipal Solid Waste (MSW) and its management. For effective MSW management, the waste has to be measured across four main indicators, namely, MSW generation per capita per day, collection efficiency, amount of waste sent to landfill or incineration plants, and the Recycling rate. The informal sector is a major player in collection and segregation of MSW. Formalisation of this sector could ensure effective collection and monitoring of waste, will prove successful in not only in effective management of waste but will also ensure decent working conditions for the people employed in the informal sector. Core to efficient management of waste is the increased value of recovery and reuse, hence calling the need for sustainable financing of active MSMEs working in this sector.

Dr Debapriya Dutta, Head/Scientist G, SEED, DST helped the audience in reflecting through the day's experience of understanding Gandhi's philosophy of enterprise development, the role of aggregators in bridging the gap between LGEs and the Government and perspectives of LGEs from across different sectors.



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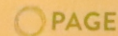
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Suresh Prabhu

Minister of Planning

Day III:

BUILDING SYNERGY

Recommendations on action and policy strategies
to create an enabling ecosystem for LGEs with the
Government of India and UN-PAGE bodies

Key Messages



Suresh Prabhu
Hon'ble Member, Rajya Sabha

"While globalisation is a reality of life, local enterprises have a key role in propelling the process in the right direction. Large economies can only be sustained with local enterprises as they are the foundations of any large enterprises. Local people know best how to engage in a green relationship between nature and economic development. They understand the value of their ecologies and resources. This must be factored in to build sustainable green economies. We must engage, at all levels, local and global to make the world a better place as we cannot run societies without coalitions. Different stakeholders must join hands and engage in dialogue to understand concerns and build consensus. We need a society that can work through consensus"

Key Pointers to...



Arun Maira
Former Member, Planning Commission

"We need a theory change, a paradigm shift and appropriate thinking; a shift from global solutions to local systemic solutions for global problems. Locally there need to be system solutions which are owned and applied by local people themselves."

"We need to build resilient networks through large organizations, connect and collaborate across boundaries whether national or disciplinary. Power boundaries need to be dissolved and a basic discipline needs to be cultivated to listen to those who think differently from us."

"Society is breaking down because we are not listening. Peace can only be achieved through listening and partnerships. We urge people to build networks and locally, to listen to other opinions."



Ravi Shankar Prasad (IAS)
Additional Secretary, MoEFCC

“The MSME sector requires finance and support, environmental standards and norms, better technologies and incentives. We are exploring all the different ways to work with the sector. Support from CSO’s and multilateral organizations and their involvement in the sector will surely help us in doing better and creating a sustainable value chain”



Atul Bagai
India Country, Head, UN Environment

“Goal 17 of the SDG framework is the most important and at PAGE India we attach primary significance to working together. India is the first large country in the process of formulating a work plan – areas to be looked out for, policy changes that can have greater impacts and more. PAGE focuses on policy changes as a means of creating ripple effects and impacts on supply chains across sectors. We can use our limited resources to bring transformational changes. Let us live simply and others can simply live”

PAGE in India with MoEFCC as Nodal Ministry has the following priorities

- Resource Efficiency (RE) and Sustainable Consumption and Production (SCP)
- Policies to promote actions addressing climate concerns including fiscal instruments, market mechanisms, regulatory regime;
- Data inventory for RE and waste generation/utilisation
- Supporting MSME sector and maximising national initiatives’ impact for green industry

Emerging issues and recommendations for an enabling ecosystem for LGEs

Technical discussions pointed out recommendations on financing LGEs, procurement systems congenial to LGEs and developing a frame for Triple Bottom Line Assessment of LGEs. Highlights from these discussions include:



Financing Local Green Enterprises

According to the International Finance Corporation (2017), only 12-16% of enterprises have access to formal finance, including non-banking and government institutes, small banks, public sector banks, private sector, and foreign banks. A majority (67%) of finance supply for small businesses in India comes from informal sources such as money lenders, friends and family, according to the data compiled by the consulting company Dun & Bradstreet (D&B).

Discussion during this round table session covered building the capacities of LGEs to make them bankable; strengthening community level financial institutions; defining and classifying what “green” means; and tools to accumulate alternative credit history for LGEs.



Sustainable Procurement Local Green Enterprises

According to the Ministry of Finance (MoF), India spends around 25 per cent of the GDP on public procurement (2018). In terms of conceptualisation, ‘sustainable public procurement’ in India has four dimensions, which include socio-economic, environmental, transparency and market information. Public procurement authorities are also faced with the challenge of MSE selection for procurement, due to the lack of requisite information on quality, capability, eligibility of MSE vendors and suppliers.

Discussion during this round table session concluded that window clearance and redressal system are necessary to address procurement concerns; and identified a lack of integrated, coherent, structured policy frameworks and incentive mechanisms for LGEs.



Triple Bottom Line Impact of Local Green Enterprises

India keeping in mind the three P’s of People, Planet and Profits, is piloting programmes, schemes and rating systems, emphasising the environment and social management of the industries. Green funds and schemes are gaining traction, and other initiatives such as the Sustainability Reporting of the GRI are mainstreaming TBL practices in large enterprises, corporations and MSMEs. However, the maximum potential of a TBL framework will be seen when it becomes a norm rather than an elective.

Discussion during this round table session focused on how MSMEs can adopt a TBL approach; support systems needed to make the transition just; and the ecosystem for reporting on sustainable practices; a clustering approach to access finance; simplification of regulation; and development of tools for tracking and self-assessment of MSMEs on TBL.



Picture Credits: Development Alternatives

Process of Vermi-Composting being undertaken

Civil Society Statement

The Delhi Declaration on Local Green Enterprise builds on the global movement on the articulation of the value of local enterprises to eco-transition, first initiated during the Santa Cruz Declaration in 2017.

The following text was originally drafted in New Delhi, India in February 2020, by a group of manufacturers, producers, business owners, entrepreneurs, innovators, local communities, and civil society from India, the Caribbean, Mongolia, Peru, Senegal, South Africa and Uganda.



Statement on Local Green Enterprises

Building Movements of MSMEs within India's Transition to an Inclusive Green Economy

India's fast paced economic growth has not translated to corresponding benefits to the large population of the country. The growth story goes in parallel with immense problems of environmental degradation and social inequity. For India to achieve Sustainable Development Goals, transformations are required in the way our economies are designed. Businesses are both actors and recipients of changing the economy. Today a workforce of 485 million resides in India, and it grows by a million each month. Large corporations, medium sized businesses, and institutions in the formal economy generate employment for less than one-tenth of this increasing workforce.

To achieve this transformation, micro, medium and small enterprises are critical enablers. MSMEs create four out of every five new jobs positions. With around 36.1 million units throughout the country, MSMEs in India contribute to 37% of the GDP and employ close to 20% of the workforce.

Environmentally conscious MSMEs or what we call Local Green Enterprises (LGE) are providing solutions that are not just creating local jobs but also reducing adverse effects, and many cases conserving nature. Although there is no universally accepted definition of LGEs, we intend to capture the green component to include: (a) Environmental consciousness related to use of water and natural resources, waste and pollution management; (b) Inclusiveness related to jobs, wage rates and equitable distribution of revenues.

We have come together in recognition that local green enterprises stand at the frontline of the transition to inclusive, green and resilient economies and to achieve the Sustainable Development Goals (SDGs). We are here from our respective states, and spheres of influence to demonstrate and build support for local green enterprises to lead, shape and accelerate the economic transition in India and set an example globally.

We believe that local green enterprises are well placed to promote inclusive green economic development in India. They are critical to the development of local economies and empowerment of people especially socially, economically and environmentally backward communities; and creation of jobs at scale;

Funders:



Partners:





We recognise that a transition towards green and inclusive economy with a special role for local green enterprises requires effective policymaking, policy implementation, inter-sectoral policy coordination, capacity building of all relevant stakeholders including aspiring and existing green entrepreneurs, regional and global knowledge sharing, technology development and transfer, enhanced access to financial support, access to markets and increased public awareness;

We realise that the local green enterprises can be seen as important loci for generating sustainable consumption and production thereby suggesting a mutual interdependence between the three bottom lines of sustainable development. This is extremely pertinent to drive the discourse on green political economies;

We urge the involvement of all major stakeholders, including private and public sector, civil society organisations in promoting local green enterprises through the establishment of innovative partnerships, promotion of voluntary initiatives and exchanging experience;

We advocate strengthening cooperation in the following areas, especially with relevant Ministries of the Government of India and the UN-PAGE India Programme in order to create a level playing field for local green enterprises:

- **Financing Local Green Enterprises:** We urge the financial community such as financial institutions and banks to design instruments and systems which can facilitate affordable credit to small green businesses. This will require policy support to mitigate risks through innovative mechanisms such as blended finance and provide incentives to private investors in designing sustainable financial products.
- **Market and Procurement systems for Local Green Enterprises:** We urge for streamlining the process of public procurements from small entrepreneurs in India by removing delays and structural bottlenecks at various stages of need assessment, budget preparation and approvals; and enabling technical support for standardisation and certification. We further urge the government to provide due incentives through tax, tariffs and aggregator platforms such that products and services of Local Green Enterprises reach out to the customers at scale.
- **Triple Bottom Line Impact Assessment of Local Green Enterprises:** We urge the government to acknowledge, enable and recognise the collective decision of the LGEs in defining their triple bottom line impact. We urge the government to dedicate a significant portfolio in their programmes and schemes specifically for the local green enterprises. Incentives for micro and small enterprises to align their practices towards more sustainable ways may further help in motivating brown enterprises to shift towards greener ways by capacity building, training, technology and financial incentives.

We are committed to work together to advocate transition to sustainable and inclusive futures and share lessons, ideas and experiences about Local Green Enterprises in India and Globally.

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Glimpses from the event





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For more information regarding the GEC Global Meeting and speakers
please click - <http://map-sa.net/gec>

Video recording of all three days of the GEC Global Meeting

4th Feb 2020 Day I <https://youtu.be/ysQripRQLU8>

5th Feb 2020 Day II <https://youtu.be/l3rolHpw4uw>

6th Feb 2020 Day III <https://youtu.be/PADL33IldUU>

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