

Conference report

Green SME Summit – Decarbonizing the supply chain

This event took place on 16 July 2014 at the Lalit hotel in Mumbai, India. Designed by the India Greenhouse Gas (GHG) Program, GIZ (BMUB-financed Global Carbon Markets project) acted as a strategic partner to strengthen relationships with the involved parties and the private sector.

The Summit highlighted the importance of the SME sector in India (SMEs in India making up roughly 40% of manufacturing output and 40% of total exports, employing 60 million people and consuming almost 50% of the energy used in the industrial sector) and the need to collaboratively engage the supply chain in GHG accounting. The majority of emissions of a product actually originate from the suppliers or are created due to transport and disposal.

High level speakers, such as Jamshyd Godrej from Godrej & Boyce as well as Ravi Pandit from KPIT Technologies stressed the need to become more resource efficient by applying the German SME cluster model in India, potentially resulting in increased efficiency and enhanced innovation among suppliers while simultaneously lowering costs. A holistic approach should mainstream sustainability and GHG reducing measures into regular business models and development policies. To ensure entrepreneurs are involved, a social change shall be fostered through awareness, technologies, economic incentives and a robust legal framework.

Four panel discussions shed light on a) institutions and finance, b) national collaborations, c) international collaborations, and d) SME perspectives.

GIZ was represented in the panel on ‘Collaborative Engagements and Best Practices – International Perspectives’ by Manjeet Singh Saluja to talk about the SME-related activities by GIZ and in particular the potential to save costs and GHGs in the freight sector. The Green Freight India received good feedback and several companies showed indicative interest.

The event saw wide participation from a wide array of institutions and industries. Around 90 participants discussed the needs, challenges and opportunities for SMEs to become involved in GHG accounting.

Key points clarified included the need to raise awareness that cleaner technologies can significantly reduce costs, geographical proximity can facilitate innovation, monitoring and measuring (India GHGP presented a ‘Do It Yourself GHG Accounting’ Tool) must be promoted, partnership creation between big companies and the supplying SMEs is a necessity, technologies should be transferred more, finance must be guaranteed (challenges for FI to invest in more EE technologies or REs include the insecurity, which however could be adverse through a comforting scheme supported by a guarantee by the supplied plant – YES Bank). While GoI does not have a strong set of binding emission reduction targets for the private sector, becoming involved in the subject matter now already allows the companies to lead a step ahead and position themselves as agenda-setters instead of risk-adverting players.

The overall response to the event was highly positive to kicking off the discussion on this topic. The Summit served as a means to communicate the importance of SME involvement in GHG management; a next step would include an increased dialogue and awareness raising activities on the importance of climate change mitigation, small-scale opportunities, risks and solutions. Considering the quantity of applicable firms, this is a major challenge and opportunity for GIZ at the same time.

In case of questions, feel free to get in touch with tobias.dorr@giz.de.