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YES BANK’s Promotion of Energy Efficiency and Occupational Health & Safety in the Indian MSME sector

Institution: YES BANK

Publication date: 2017

<table>
<thead>
<tr>
<th>Date Policy/Tool Established</th>
<th>Additional Capacity Required (e.g., staff, resources, other)</th>
<th>How Established?</th>
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<tbody>
<tr>
<td>March 2015</td>
<td>Implementation partners, FMC (Foundation for MSME clusters) and EDII (Entrepreneurship Development Institute of India) were on-boarded for the project along with YES BANK’s Responsible Banking team</td>
<td>There are over 51 million MSME units in India, which contribute to 38% of India’s GDP and 70% of the industrial pollution. Given this, YES BANK decided to create world class sustainable MSME clusters with improved Environment, Health and safety (EHS) performance</td>
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On-Ground Mechanisms: Submission of a detailed work action plan with monthly and quarterly deliverables by project implementation partners, quarterly on-ground visits, annual visit by CSR Committee Board members, regular internal audits

External Mechanisms: External audit and third party assurance done by KPMG. The Bank also calculates Social Return on Investment (SROI) to quantify impact

Identification and conducting a study on key energy intensive sectors keeping in mind economic significance and current awareness level of unit owners on Occupational Health & Safety (OHS) and Energy efficiency (EE). The findings were captured in the form of a knowledge report, followed by a Corporate Social Responsibility (CSR) project to improve EHS performance. Now the Bank is planning to provide financial assistance to MSMEs.
Key Lessons

- The MSME sector in India has a huge potential of contributing to the country’s rapid industrial growth and realizing the ‘Make in India’ mission;
- The Indian MSME sector has been behind the curve in adopting best practices in OHS and EE due to lack of management resources, technical skill sets, proficient resource management, resilient infrastructure or financial access;
- The project has brought a positive change in MSME owners’ attitudes towards workplace safety at their units, thereby improving employee morale, operational efficiency, and overall productivity of the MSMEs.

Introduction

YES BANK in line with its responsible banking ethos is committed to supporting the micro, small and medium enterprises (MSME) sector and providing it the much needed thrust to put it on a sustainable growth path. The Bank launched a first-of-its-kind CSR project to promote environmental sustainability through EE and OHS interventions including sensitization workshops, energy audits, capacity building on energy efficiency, health camps, first aid trainings, safety trainings, as well as providing drinking water facilities, first aid kits and personal protective equipment.

This CSR initiative for the MSME sector was conceptualized to support MSMEs to adopt best practices to become globally competitive, both in terms of output and efficiency. This contributes in achieving the Indian Prime Minister’s ‘Make in India’ and ‘Zero Defect, Zero Effect’ visions.

The project was showcased at COP22 in Marrakech as role model case study from India for climate change mitigation.

Development and Design

The initiative, adopting a shared value approach, demonstrates how the corporate sector and non-profit sector can come together to create a high impact CSR initiative in the MSME sector.

The project promotes the concept of creating sustainable MSMEs, where the Bank provides a one-stop solution to not only enhance MSME’s economic performance, but to also help them manage their environmental footprint and address their social responsibilities. The initiative has been successful in making both MSME owners and workers recognize the importance of adopting EE and OHS for sustainable growth.

In the longer run, the project aims to create a pull effect, wherein the MSMEs will approach the Bank for support in helping them increase their productivity and reduce energy consumption.

Implementation

The pilot project in FY14-15 was a part of European Union initiative ‘Scaling Up Sustainable Development of MSME Clusters in India’ with partners including UNIDO, GIZ, GRI, the Indian Institute of Corporate Affairs (IICA) and the Small Industries Development Bank of India (SIDBI) in the Indian state of Punjab. In its 4th phase, the project has scaled up to cover 17 sectors across 14 states in partnership with Foundation for MSME Clusters (FMC) and Entrepreneurship Development Institute of India (EDII).

Project implementation is carried out in four stages – MSME Cluster mapping, Collection of baseline information, pre-intervention audit, and final intervention.

Overall, the initiative’s output and outcome is to reach out to 100,000 (1 lakh) MSMEs by 2020. Towards achieving this target, relevant partners for scaling up the program are being leveraged, including SIDBI, Quality Council of India, Ministry of MSME, National Safety Council of India.

Experience and Impact

To date, YES Bank estimates that the project has impacted 3,252 MSMEs, benefitted 23,112 workers and helped reduce an estimated 6,000 metric tons of CO2 emissions.

To measure the social impact, the Bank has calculated each project’s social return on investment (SROI) using the internationally recognized framework of Social Value, UK.

A thorough analysis of inputs from stakeholders, outputs and corresponding outcomes was carried out. The SROI for this project was 6.9. In other words, the social impact generated on the ground by the project is 6.9 times the value of inputs invested.

1 Please see https://www.zed.org.in/ for more information.