



## PART 2

# TRANSITION TIMES

ENABLING CHANGE THROUGH CSR

BRIEFING PAPER

APRIL 2024

*This piece is the 2nd part of the 'CSR & Just Transition' knowledge series which captures practical learnings and success stories from JT-aligned CSR interventions in the form of case studies and answers to some key preliminary questions for CSRs regarding JT.*

**A just transition is about putting people (workers and communities) at the center as economic systems reduce dependence on fossil fuels and scale up clean energy and sustainable avenues.**

Given India's ambitious 2070 net-zero goal and its other commitments under its Nationally Determined Contributions (NDCs), the push for decarbonisation and sustainable energy transition is rapidly changing how businesses, economies, and societies operate. These changes are presenting opportunities that can drive industrial transformation such as greater efficiency, reduced long-term costs, new business prospects, but at the same time create challenges or transition risks. These risks can arise from changes in policy, technology, and market sentiments for low-carbon pathways (details in Figure 1).

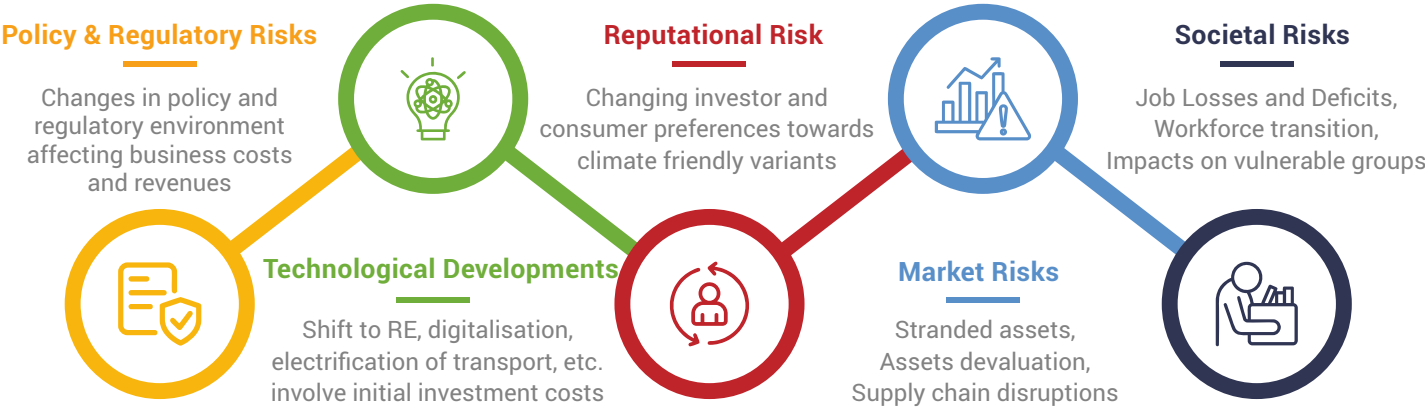


Figure 1 : Unpacking Transition Risks to Businesses

These risks not only threaten businesses, their strategy, but also their workers and communities closely linked to or near their operations. While businesses are working to hedge the business risks, the efforts to mitigate the risks for affected communities is limited. However, businesses, can build their capacity to plan and prepare ahead for the energy transition in a manner which can economically benefit them while also addressing the pressing risks that arise from this changing landscape. Presented below are, the Just Transition (JT) elements, outlined in the previous paper "Role of CSR in Facilitating Just Transition in India," which offer a framework for mitigating these risks, particularly societal risks to ensure a fair and people-centric transition.



Figure 2: Key Elements of a Just transition



Towards this, CSR emerges as a powerful tool as it enables companies to address and mitigate transitional risks by taking action for the betterment of workers, communities and even consumers.

- 1** | Local & context-specific planning
- 2** | CSR provides for both - financial availability, and vision for social impact and climate action
- 3** | CSR has pre-existing institutional mechanism, hence businesses don't need separate action/processes



Figure 3: CSR and Just Transition – A Perfect Fit<sup>1</sup>

Many companies' existing CSR efforts might already be having similarities or overlaps with Just Transition elements. However, there is a need to direct these efforts towards the specific regions and communities in need of JT support. Thus, a clear framework for identifying these connections is needed.

From the below framework, the readers can expect to:

- Recognize just transition elements in their existing programs,
- Understand JTs multifaceted benefits like bridging synergies within ESG's three dimensions, enhancing business operations and maximising socio-economic benefit

## Must-Have(s)



### Region & Target Group

Focuses on **transition affected community/ sectors** or likely to be affected from an ensuing energy transition



### Time

Inculcates a **long-term vision & plan for desired outcomes**



### Participation

Undertakes collaborative & inclusive approach by **involving people, communities and**

## Dimensions of Approach

Justice theories at play in a JT-aligned CSR action (any one, combination of two or all) as the guiding approach



### Opportunity to address historical injustices

Eg. Provide sustainable livelihood opportunities for marginalized people who lost land/work due to energy projects like coal mine closure or incoming solar power parks



### Ensures benefits & resources are distributed equitably

Eg. Prioritising vulnerable workers & groups (like rural youth, farmers, workers) threatened by job losses due to transition



### Fair, inclusive & transparent decision-making processes

by ensuring equal participation from all affected communities & stakeholders. Eg. While discussing and deciding suitable alternate livelihood opportunities for affected communities, inculcate inputs from vulnerable sections of society like women/tribal groups

Figure 4: How a JT-aligned CSR initiative looks like?

<sup>1</sup>"The Role of CSR Enabling Just Transition in India" – Briefing Paper, 1st part of 'CSR & Just Transition' knowledge series, February 2024.

# Approaches to a “Just” Transition

This section features inspiring examples of CSR initiatives successfully aligning with JT elements.<sup>2</sup>

Case  
Study

#1

## Say YES to Sustainable MSMEs

YES BANK in partnership with Foundation for MSME clusters, and Entrepreneurship Development Institute of India.<sup>3</sup>

**An innovative CSR approach to make MSMEs resilient to transition risks by identifying energy-efficient practices, providing financial and technical support for their implementation, and focusing on workers' transitions to cleaner and safer workspaces. Further, it advances business goals by building MSMEs capacity to access green finance. This enables them to compete effectively with larger industry players who have greater resources to prepare for a just energy transition.**

### The Transition at play

MSMEs form the backbone of the economy in terms of job creation and economic contribution. In 2021-22, the MSMEs contributed to 29.2% of India's GDP. With the announcement of net-zero, MSMEs will need to transition and green their supply chains to be at par with their competitors. However, the Indian MSME sector is plagued with challenges such as lack of financial access, inadequate technical skills, not enough resilient infrastructure, an informal workforce, poor working conditions, and inefficient resource management and operations.

These MSMEs will need additional support and tools to transition unlike the large enterprises that has greater access to resources, finance and technology. This support should also cater to the specific sectors that they operate in. More so, their additional costs of greening can lead to reduced competitiveness in the short term if not managed effectively. Thus, the energy transition can further amplify the challenges to MSMEs and exposure to financial, technical, and competitiveness risks if not addressed.



### OBJECTIVE

Promoting Environmental Sustainability and Health & Safety in MSMEs to build its market competitiveness



### PROJECT YEARS STUDIED

2014 onwards



### TARGET BENEFICIARY

MSMEs and their workers in energy intensive sectors like foundry, textiles, auto ancillaries etc.



### GEOGRAPHY

Multi-states

### Key Features

- MSMEs were selected basis their turnover, by accessing unit owners and workers awareness levels, skill levels in the regions, status of occupational health and safety (OHS) in the units, availability of local associations, etc.
- Promote energy efficiency among MSMEs through focused interventions.



<sup>2</sup> These case studies have been compiled using secondary literature and stakeholder interviews with the CSR division of OIL India Ltd. And YES Bank

<sup>3</sup> [https://www.yesbank.in/pdf?name=annualreport\\_2015-16\\_link2\\_pdf.pdf](https://www.yesbank.in/pdf?name=annualreport_2015-16_link2_pdf.pdf)

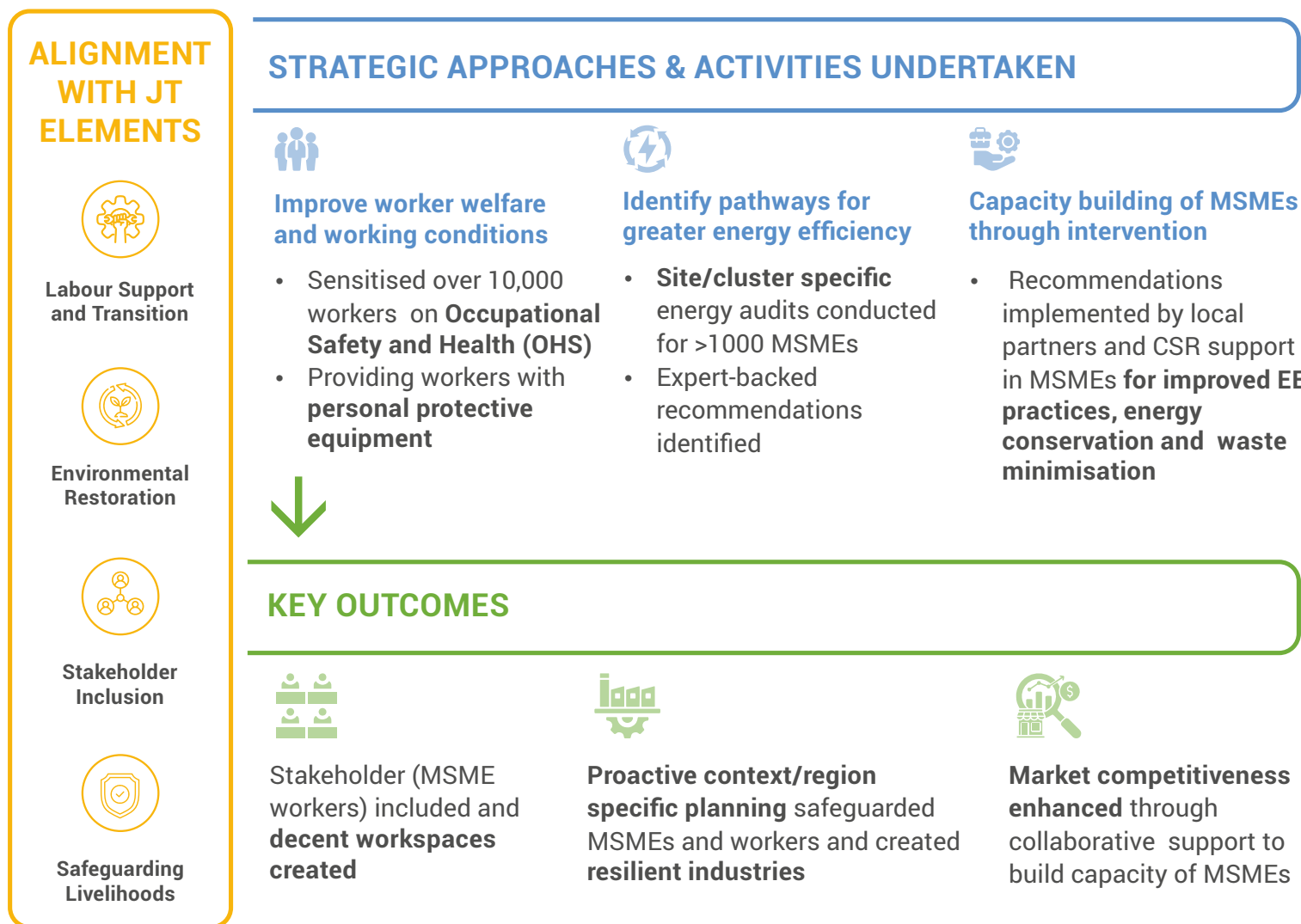


Figure 5: Key Approaches and Outcomes for the MSME Case study

The case exemplifies a pioneering approach to empower MSMEs for a just energy transition. This initiative not only enhances the resilience of MSMEs to transition risks but also contributes to the broader goals of sustainable development. The CSR initiative was able to enhance energy efficiency in MSMEs, lower long-term costs, improve profits and reduce 6,000 MT of CO<sub>2</sub> emissions per annum. Furthermore, by focusing on workers' transition to cleaner and safer workspaces, it addresses critical socio-economic aspects of the transition process. The project was estimated to have a social return of 2.87<sup>4</sup>. Through sensitisation and capacity development programmes, MSMEs can not only adapt to the challenges posed by the energy transition but also emerge as drivers of innovation and sustainability in India's economic landscape.

<sup>4</sup> <https://www.yesbank.in/pdf?name=india-ghg-program.pdf>

Oil India Limited created sustainable alternative livelihoods in the oil fields of Assam, in partnership with State Institute of Panchayat and Rural Development (SIPRD)

**A CSR programme aimed at increasing economic opportunities, employment and income of the people living near oil and gas fields under OIL's operations in Tinsukia and Dibrugarh in Assam. The initiative uses community engagement through the Self-Help Groups (SHG's)/ Joint Liability Groups (JLGs) model to promote sustainable Agri-based livelihoods and enterprises. This long-term initiative adopts a holistic approach to enable economic diversification.**

### The Transition at play

In 2003, OIL, operating in Tinsukia (one of the only industries operating there at the time), felt the pressure to create more economic prospects for the locals given the limited employment opportunities available. Growing social unrest and community opposition because of this pressure threatened to halt their operations.

The company realised the need to invest in creating alternative livelihoods for the community to tackle unemployment especially for vulnerable groups like rural women and youth in the area. In this regard, a comprehensive programme to generate lucrative agriculture and its allied based livelihoods was initiated.



#### OBJECTIVE

Creating self-employment opportunities in primary, secondary, and tertiary sectors for beneficiaries through entrepreneurship development programs



#### PROJECT YEARS STUDIED

2003 – Ongoing



#### TARGET BENEFICIARY

Women and youth in OIL's operational areas



#### GEOGRAPHY

Tinsukia, Dibrugarh, Charaideo districts in Assam

### Key Features

- Creating income generating opportunities by leveraging SHGs/JLGs to develop entrepreneurial capabilities around local sectors such as bamboo, handloom, sericulture, animal husbandry etc.
- Material and financial aid to farmers and youth provided at subsidized rates or low-interest loans, instead of being free, to encourage repayment and financial stability if the intervention stops.



## ALIGNMENT WITH JT ELEMENTS



Social Dialogue and Community Inclusion



Economic Diversification



Resilient Communities

## STRATEGIC APPROACHES & ACTIVITIES UNDERTAKEN



### Community engagement

- Outreach through village leaders, panchayats, women and student associations & local interest groups
- Mobilisation of community into SHG/



### Identifying avenues with commercial and market potential

- Identified prospective avenues like handloom and animal husbandry



### Building entrepreneurial capacities

- Offering technical and enterprise skill training
- Providing financial and material assistance such as loans and machinery
- Established marketing outlet- *Aastha*



## KEY OUTCOMES



**Cultural enrichment** by promoting traditional products outside Assam



Increasing income is **empowering women** also extending social benefits to education and healthcare.



**Youth employment prospects** diversified through subsidised market demanded computer courses offered



**Financial accountability instilled**, essential to create successful business mindset

Figure 6: Key Approaches and Outcomes for the Rupantar Case Study

This case exemplifies how long-term engagement can transform the economy of a fossil fuel-dependent region. By providing continued technical capacity building, material support, and credit facilities, the initiative empowered farmers, women, and youth to create 1,277 new joint groups. The project impacted over 5,756 families across the region with an incremental increase in income per beneficiary per month of Rs. 8740 recorded. Apart from simply handing out resources, the intervention also equipped communities with the tools for long-term success. Beneficiaries gained access to revolving funds, subsidies for farm mechanisation, and advanced loans, amongst other things. The project has an estimated impressive social return on investment of 5.14.<sup>5</sup> The longevity of the intervention has been important to support the overwhelming employment needs of the local community and ensure smooth operations for OIL in the area. Finally, it created a commercial ecosystem to support the communities that goes beyond the project's lifespan.

Therefore, while at the onset these CSR efforts may not have been designed with the intention of incorporating all the JT elements, they can serve as an example to enable inclusive and holistic transition in a region that may face a transition in the future.

<sup>5</sup> [https://www.oil-india.com/Document/Financial/OIL\\_CSR\\_Report982three.pdf](https://www.oil-india.com/Document/Financial/OIL_CSR_Report982three.pdf)

# FAQs

Here are some frequently asked questions (FAQs) that CSR professionals might have on understanding just transition.

## Q1. How is a Just Transition Projects different from Sustainable Development Projects, and Climate Change Adaptation Projects?

Just Transition Projects are a subset of Sustainable Development Projects with a specific emphasis on social equity during transitions. Just Transition Projects specifically focus on ensuring a fair and equitable transition for workers and communities affected by environmental or social changes. Sustainable Development Projects aim for long-term, balanced economic, social, and environmental progress while Climate Change Adaptation Projects concentrate on strategies to minimize the adverse effects of climate change. Communities engaged in these projects may also be climate vulnerable.

## Q2. Which sectors/industry will be affected by the energy transition and how?

A just energy transition is relevant to every economic sector and industry. Presented below are the varied opportunities and risks posed to some significant sectors by the energy transition :

| Sector affected by Transition                                                                                                                 | Transition Out                                                                                                                                                                                        | Transition In                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <b>Energy and mining sectors</b>                             | <ul style="list-style-type: none"><li>Threat to business and jobs- due to transition away from fossil fuels</li></ul>                                                                                 | <ul style="list-style-type: none"><li>Increased demand for raw minerals and metals (social and environmental impact needs to be managed)</li><li>Preference for cleaner energy sources.</li></ul>  |
|  <b>Banking, Financial Services, &amp; Insurance (BFSI)</b> | <ul style="list-style-type: none"><li>Investments and loans in older technologies and fossil fuels reliant industries exposed</li><li>Increased credit risk and potential asset devaluation</li></ul> | <ul style="list-style-type: none"><li>Ecosystem readiness required for financing new technologies</li><li>New financial products like green bonds, agri-insurance etc. can be developed</li></ul>  |
|  <b>Manufacturing &amp; Technology sectors</b>              | <ul style="list-style-type: none"><li>Phase out of outdated technologies</li><li>Pressure to adopt greener manufacturing practices</li></ul>                                                          | <ul style="list-style-type: none"><li>Regulations and consumer choices may favor sustainable products and services.</li><li>New opportunities with technology upgradation and automation</li></ul> |

## Q3. Which part of my company's business operations should integrate JT principles?

JT principles can be integrated into a business' operations to mitigate business risks, improve ESG scores, protect its employees, and align to its larger sustainable philosophy. It can also be incorporated into a company's CSR activities, offering a low hanging fruit to venture into JT, given the availability of funding for such projects. Additionally, it targets transition affected communities who may not be protected otherwise.

## Q4. How is the JT embedded CSR work for skill training or community development different from the conventional CSR activities we are doing?

There are many overlaps between conventional CSR and JT-embedded CSR activities. However, JT-embedded CSR activities have the following features that conventional CSR activities may lack-

- The objective of providing sustainable alternate livelihoods (economic diversification) or safeguarding ones at risk even after the program is withdrawn.
- The focus on adopting interventions that target people/ regions or industry workers directly or indirectly affected by the energy transition- ex. fly-ash workers, ICE manufacturing workers, miners etc.
- An emphasis on addressing the social and economic impacts on affected communities and workers during transitions.
- The intervention aligns with the principles of fairness and inclusivity, while addressing the specific needs of affected communities during transitions.