**FCO SPF PROJECT EVALUATION**

1. **Project Details**

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| Project Number  | GB-3-PPYIND1017IND |
| Project Title | Develop and Launch Carbon Indexing of Indian listed companies. |
| Project Cost (total cost / cost to FCO if different) | £120,700 |
| Project Start/End Dates | July 2011 to December 2012 |
| Programme | Prosperity Fund Programme |
| Country/Countries | India |
| Official Development Assistance Y/N | Y |

1. **Project Purpose** (from proposal form)

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| Creation of a unique and impactful carbon index by December 2012 based on Indian listed companies’ performance on managing climate change related risks in order to encourage businesses transition to the low-carbon economy |

1. **Project Background / Context** including what the project set out to achieve (150 words max)

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| Climate change is as much a business issue as it is economic or political. An index that takes account of these risks has the potential to outperform standard benchmarks, offering an attractive investment proposition. There is evidence that sustainability indices can be powerful drivers of good corporate practice. FTSE\* data indicates that FTSE4Good has motivated several hundred companies to improve behaviour on climate change and other CSR issues. The Dow Jones Sustainability Index (DJSI) reports similar results. This was the inspiration for ENDS Carbon to work with FTSE and CDP to develop the FTSE CDP Carbon Strategy Index in the UK. Inspired by these findings, the Bombay Stock Exchange (BSE) proposed a similar index for the top 100 listed Indian companies.In India, the BSE maintains more than 20 Indices and has over 30 years experience in the creation and maintenance of indices. They took this experience and proposed starting a CARBON Index ‘[CARBONEX](http://www.bseindia.com/indices/DispIndex.aspx?iname=CARBON&index_Code=77&page=130E3485-583D-4DED-98A2-F32F805D2324)’. The purpose of this was to create a process of evaluating companies by a central unbiased organization that would help standardize the methodology for assessing companies, and enable businesses and financial institutions, both **Indian and International**, to utilise the ratings in a constructive manner. ENDS and CDP helped develop the expertise and data to support the development of this initiative. \*wwww.ftse.com/Indices/FTSE4Good\_Index\_Series/Downloads/F4G\_5Year\_Review.pdf |

1. **Evaluation summary**

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| This project was based on the Prosperity Fund priority that we need to encourage business transition to a low carbon economy. This BSE Project was one such initiative. It has helped to encourage some of the large Indian companies to engage in green and sustainable business practices. It has also provided the financiers and bankers with a standardised tool to evaluate companies’ performance on sustainability and carbon reduction by a central unbiased organization.Carbon Index was first of its kind in India. It is now an operational index that is currently being maintained by Asia India Pvt Ltd, which is a BSE and S&P DJI venture.Based on our discussions, we confirm that this Index has helped companies to not only improve their market value among financiers, but also to channel internal strategic thinking of companies to move towards a low carbon path as well as sustainable practices. It is too early to proclaim this project a success, as there is limited data evidence available to substantiate it. Indeed we would need at least 3 years worth of data to identify the success and data evidence to substantiate some of the outputs of these indices. But as part of a wider impact of this work, China is working on a similar Carbon Index based what has been learned from this project. So it has clearly had some impact.The project is creating momentum to report on climate change and carbon disclosures. It is also having an effect on some of India’s largest companies to adopt these reporting practices, though it is not currently a mandatory requirement from either regulators or the financiers. The Government of India is, however, taking positive steps in this direction. Regulatory developments over the past two years have set the momentum for higher Corporate Responsibility reporting in India. Release of National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVG-SEE) by the Ministry of Corporate Affairs India in 2011 followed by the SEBI mandate on business responsibility reporting for top 100 listed entities has pushed it ahead in India. There are many encouraging results emerging from discussions we had with the companies we interviewed. This is a progressive trend with companies coming forward to report on their carbon emissions. There is a maturity level coming from companies to integrate climate reporting as part of their corporate responsibility in India, as they are doing internationally.Post confirm that this project has helped to strengthen the relationship between the High Commission and Indian authorities. It will, in the long run, help UK companies and investors to profit from the action they take on low carbon and sustainability.  |

1. **Questions**

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| Did the project achieve the project purpose?  | To a degree, yes. But it’s too early to tell by how much. |
| Did the project come in on budget? (Y/N)If no, why and what was the difference in cost?  | Slightly under budget |
| Was the project completed on time? (Y/N)If not, why not? | Yes |
| Were the Project benefits sustained after project completion?  | Yes, this Index has helped listed companies not just improve their market value among financiers, but also channel internal strategic thinking of the company to move towards a low carbon path and sustainable practices. As has been shared by senior officials, listed companies are interested in improving their rating as it is impacting on their market image. It is also helping to channel internal strategic thinking within companies while making various decisions around sustainable reporting.  |

1. **Overall Red / Amber / Green rating** for project

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| Overall Rating for project (put **X** in relevant box) |
| Red |  |
| Red | Amber |  |
| Amber | Green | **X** |
| Green |  |

Guide to overall rating:

Green- project performed well under each of the evaluation criteria: relevance, efficiency, effectiveness, sustainability, impact and management

Green/Amber – project performed well under most criteria and adequately in others

Amber/Red – project performed adequately under some criteria but poorly in others

Red – project performed poorly under most criteria

1. **Top 5 Lessons learned**

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| 1. The project needs some more time to build strong data evidence to showcase results and use of the indices by financiers. There is a need for standardisation of the reporting data. Currently the reporting is being done in multiple formats. There needs to be harmonisation in sustainability data reporting.
2. The project would have benefitted from a specific Comms plan to explain what the project was doing and why.
3. When working with multiple partners, the scope of work should be clearly defined and agreed beforehand to avoid any confusion or delays.
4. As indicated by confusion over the precise purpose of the project, the concept and full bids were put together in something of a rush. The initial relationship between multiple partners was a bit difficult. So should Post wish to accept a similar bid in future, they will need to check that all the implementing partners are in full agreement, and that they have considered fully all aspects of the bid.
5. The team should also carefully review the project proposal language and wording. For example: The purpose of this project was, according to the original project proposal, to create a carbon index to encourage business transition to a low carbon economy. Unfortunately, this is more of an activity than a purpose.
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1. **Recommendations for future projects**

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| Post need to discuss with BSE how they might increase participation in the Carbon Index.Post also need to look at what can be done to increase the level of validation of the data, as it is too expensive for companies to arrange for assurance of the data (a cost they can’t pass on to customers).  |