

## Stimulating Climate Resilient Growth in India

### *Exploring the role of Climate Finance*

***Date: June 16, 2020 / Time: 1500- 1700 Hrs (IST)***

#### **Background**

The year 2020, is a landmark year for the global fight against climate change, as this is when the countries agreed to come back to the negotiating table to assess the achievements and accordingly develop enhanced climate commitments. In the months leading up to this deadline, with dire warning on climate impacts from scientists and researchers from across the world, the hope was that countries would be able to build a strong climate accord. A significant part of the existing commitments is dependent on climate finance, which includes the future carbon markets and trading mechanisms, finance instruments like green bonds and concessional loans, public budgetary support, etc.

However, since the beginning of this year, the world has been grappling with an unprecedented crisis with the on-going pandemic, which is deeply impacting the global & local economies. With many countries having to re-prioritise and direct a major part of public expenditure towards humanitarian aid, social & health sectors, as they are still grappling with the rising cases of COVID-19. There is still high uncertainty on how this crisis will pan out, and fears that its overall impact on the economy may be much worse and longer-term, than currently estimated.

In face of this shift in priorities, the constrained public budgets and probable fall in the finance available for addressing climate change, the issue of re-stimulating climate finance becomes one of utmost urgency. The need of the hour, as articulated by many leading voices in this area, is to understand and design frameworks for a 'green' economic revival, one which is just & equitable, safe and resilient (socially, environmentally and economically).

#### **Issue for Panel Discussion**

The challenge for an economy like India, is to keep investment levels in clean energy, green infrastructure and technologies on a consistently growing trajectory, in the face of changing the health crisis and its resultant economic impact. In his speech on the stimulus package for the Indian economy, Prime Minister Narendra Modi focused on five pillars to make the country self-reliant, this included infrastructure and a technology driven system as pillars too. At this critical time, it is essential to keep the momentum for energy transition and climate actions going across all levels, from industries to states to national policies, by focusing on these national priority areas. In this context, international and domestic climate finance can play a catalytic role, enabling a green transition while also helping developing countries like India, achieve key developmental and socio-economic goals.

There are major investment gaps in critical areas such as off-grid renewable energy for the agriculture sector, energy efficiency for MSMEs, resilient infrastructure for rural development, and technology uptake and implementation for high-emitting industries. At the same time, all these areas have the potential to generate sizable amounts of robust carbon mitigation assets, and leverage these to become largely self-sustaining in terms of finance. While it is clear that carbon finance can play an important role in enabling these developments, the status of carbon prices in India at present, is volatile and under-developed.

In the current economic situation, it is necessary to mobilize additional climate finance from the public and private sector. There are several existing mechanisms to learn from and build on, such as CDM, PAT, past green bond issues, etc. Building on this experience, there is a need to design and demonstrate finance mechanisms that are able to address the concerns of the producers, be able to achieve accelerated emission reduction, while also contributing to the economic recovery. There have also been a range of ideas proposed which can be, which are still in design stages in many cases, and this is an opportune period to pilot test these at a focused scale. These includes the concept of storing carbon credits in the absence of fully functioning markets, creating a multi-lateral fund for demanding and buying robust carbon credits, piloting sector specific instruments based on voluntary measures, etc.

In order to deliberate on these issues, this webinar is being organised. The discussion will be in two parts.

- The first panel will focus on the industry perspective, to develop an understanding of their needs and challenges regarding finance for a green transition, and identify opportunities and priority areas for designing programmes.
- The second panel will deliberate on measures for preparing for future carbon markets and also identify areas where climate finance mechanisms can support domestic policies and play a role to stimulate the economic recovery.

The discussion builds on an ongoing project, in which we studied the finance barriers for the green transition of the steel and cement sectors in India. We are grateful to the International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, for their support for this research.

### Agenda

<b>Stimulating Climate Resilient Growth in India - Exploring the role of Climate Finance</b> <b>June 16, 2020   1500- 1700 hours</b>	
<b>Needs and Challenges in Financing a Green Transition</b>	
1500-1510	<b>Welcome Remarks</b> <b>Context Setting</b> by Ms Tamiksha Singh, Associate Fellow, TERI
1510-1550	<b>Panel Discussion</b> moderated by Dr Ajay Mathur, Director General, TERI <ol style="list-style-type: none"> <li>1. Dr Ashok Kumar, Director, BEE</li> <li>2. Mr Pankaj Sindwani, Chief Business Officer, Tata Cleantech</li> <li>3. Mr Prabodha Acharya, Chief Sustainability Officer, JSW Steel Ltd</li> <li>4. Mr. Peter Vis, Senior Advisor, Rud Pedersen Public Affairs</li> <li>5. Mr Dipankar Ghosh, Partner and Leader Sustainability &amp; Climate Change, Thinkthrough Consulting</li> </ol>
1550- 1600	Discussion and questions from participants
<b>Preparing for Future Carbon Markets and Finance Mechanisms</b>	
1600-1610	<b>Context Setting</b> by Ms Ritu Ahuja, Research Associate, TERI
1610-1650	<b>Panel Discussion</b> moderated by Mr R R Rashmi, Distinguished Fellow, TERI <ol style="list-style-type: none"> <li>1. Dr Karsten Neuhoff, Head, Department of Climate Policy, DIW Berlin</li> </ol>

	<ol style="list-style-type: none"><li>2. <i>Mr. Damandeep Singh, Director, CDP India</i></li><li>3. <i>Prof. Jos Delbeke, Professor, The European University Institute</i></li><li>4. <i>Dr C.S. Sinha, Advisor, Climate Change Group, World Bank</i></li></ol>
1650- 1700	Discussion and questions from participants