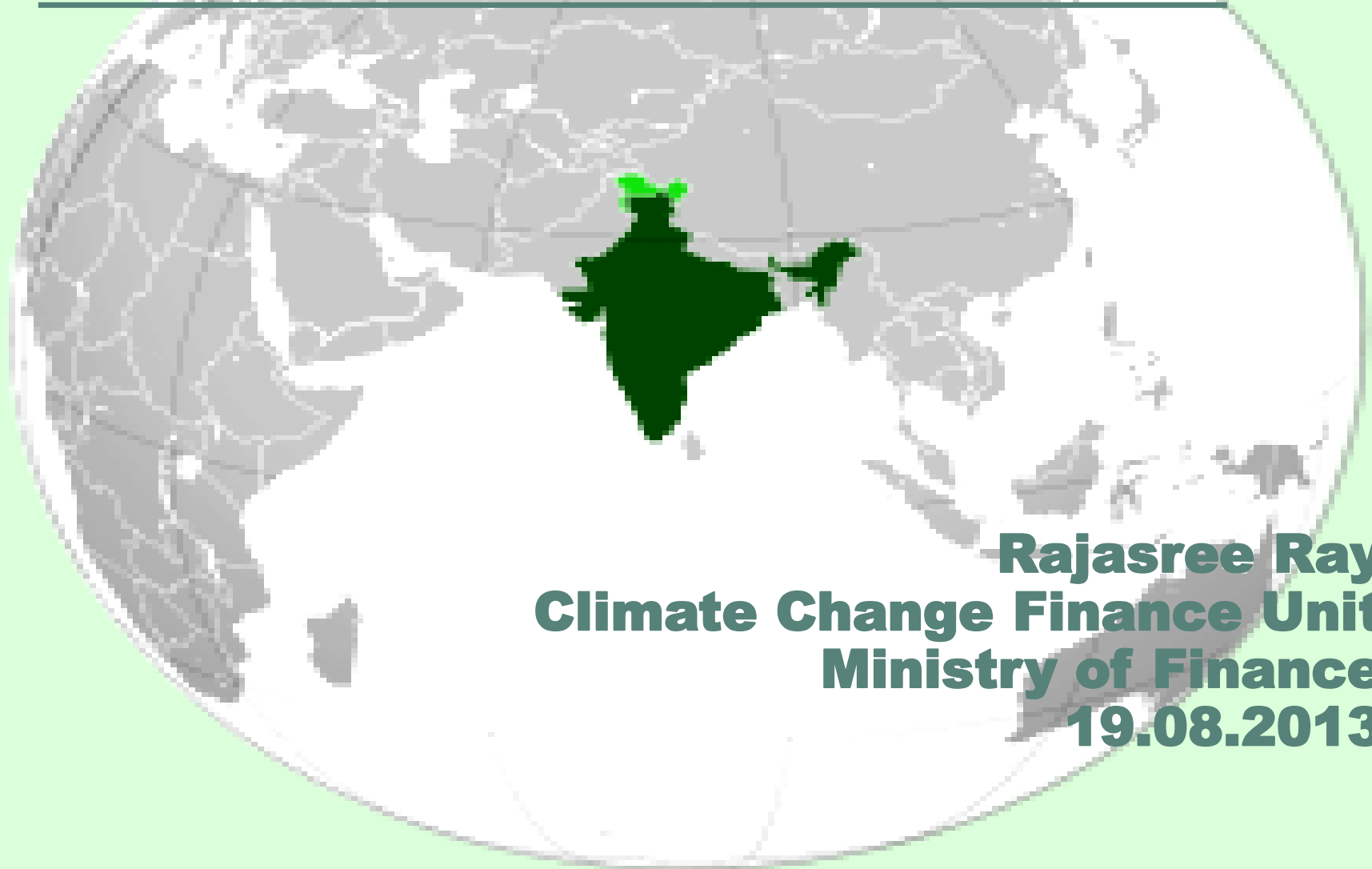


National Efforts on Climate Finance-INDIA



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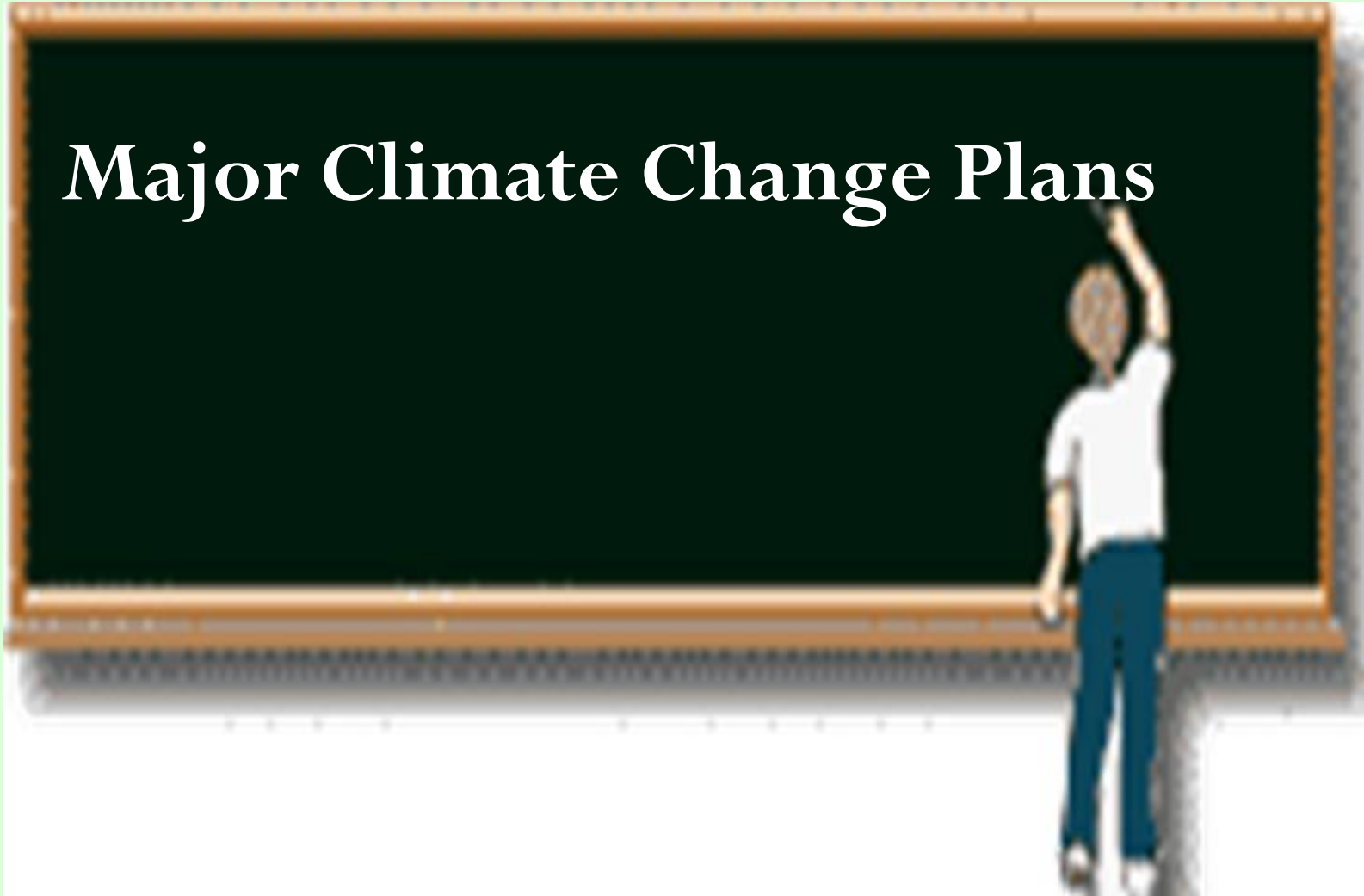
Structure of the Presentation

Three Parts

- 1. India's Policies and Plans on Climate Change**
- 2. Cost estimates of these Plans**
- 3. How are these Plans being financed?**

Part 1

Major Climate Change Plans



Climate Change Plans/Policies

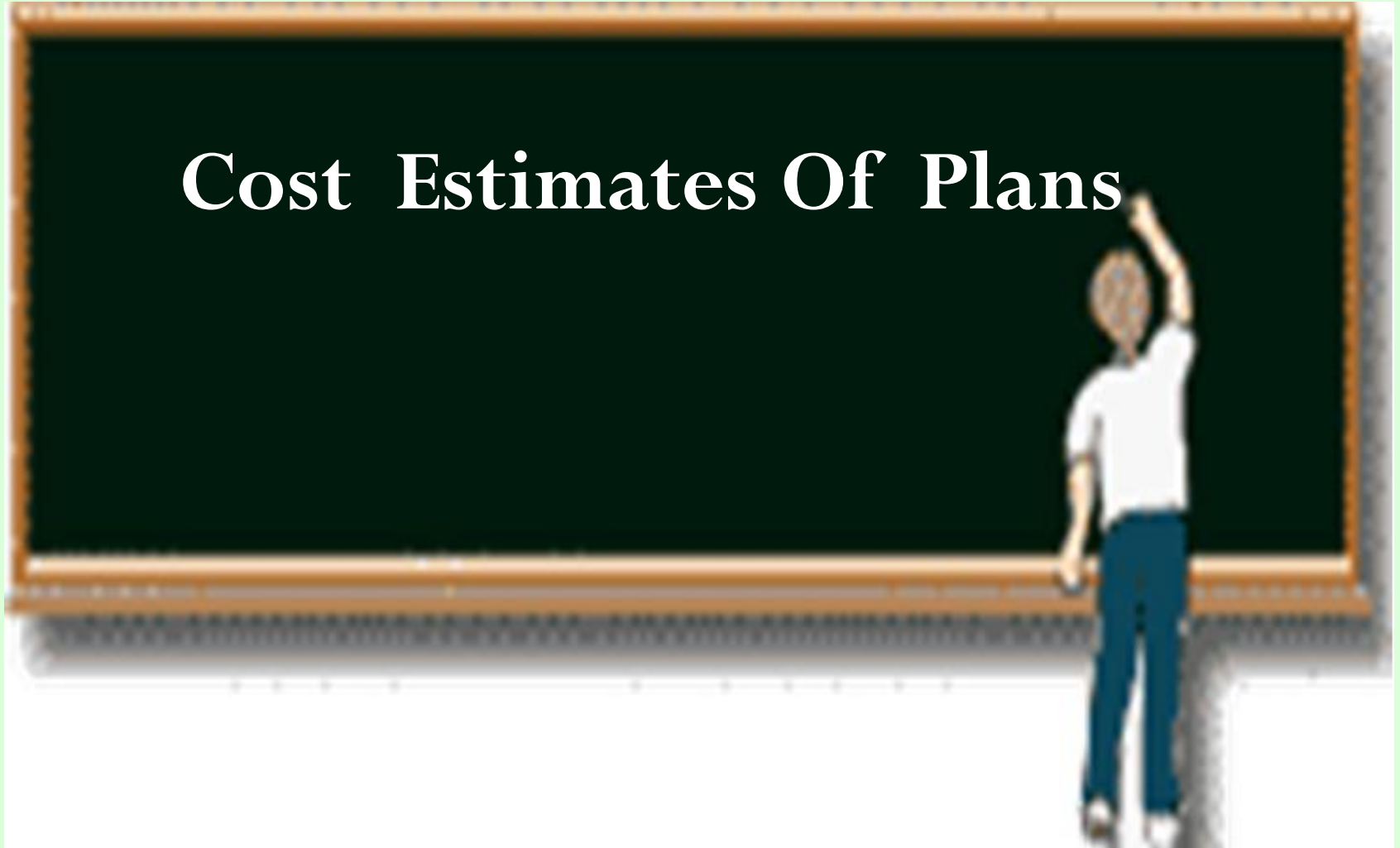
- The Government of India's **12th Five Year Plan** for the first time has set for itself the goal of faster, **sustainable** and more inclusive growth
- India's **National Action Plan on Climate Change** and eight missions — a vital part of India's response to climate change, and the main avenue through which planned activities on adaptation and mitigation are being taken.
- Apart from NAPCC, all the states have also been asked to prepare **State Action Plans on Climate Change**- state-level action plans. These plans are envisioned as extensions of the NAPCC at various levels of govt., aligned with eight National Missions.
- India has announced a domestic goal of reducing the emission intensity of its GDP by 20-25 per cent of the 2005 level by 2020. This will be achieved through a multi-sector **Low Carbon Development Strategy**. It is intended that lower carbon sustainable growth be a central element of our Twelfth Five Year Plan.
- Apart from definite actions/policies planned out for **climate change, climate change adaptation and mitigation is a major co benefit in many of the ongoing policies and programmes** by the Govt.

Policies in which Climate Change is a Co Benefit.

- In this context, schemes for rural development and livelihood programmes are very relevant. A vast majority of the works under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) are linked to land, soil, and water. These schemes help mobilize and develop capacities of community institutions to utilize natural resources in a sustainable manner and their potential can be further developed.
- The focus of MGNREGS is on water conservation, drought-proofing, afforestation, tree plantation, minor irrigation works, land development, flood control and protection, drainage in water-logged areas and rural connectivity.
- With an annual budget of around INR. 75,000 crore (USD 12.12 bn), the MoRD's Schemes have an immense potential to contribute to the goal of sustainable poverty reduction and efficient use of natural resources, including improved land use planning and management practices.

Part 2

Cost Estimates Of Plans



Cost Estimate of Missions Under NAPCC (2011-12)

Missions	Cost(million USD)	Time Period
National Solar Mission	760.88	2010-12
National Mission for Enhanced Energy Efficiency	74.62	2010-12
National Mission on Sustainable Habitat	175.44	Total Cost
National Water Mission	15631.75	11th & 12th Plan
National Mission for Sustaining the Himalayan Ecosystem	227.19	11th & 12th Plan
National Mission for Green India	8070.18	Next 10Years
National Mission for Sustainable Agriculture	18947.37	Total Cost
National Mission on Strategic Knowledge on Climate Change	210.53	11th & 12th Plan

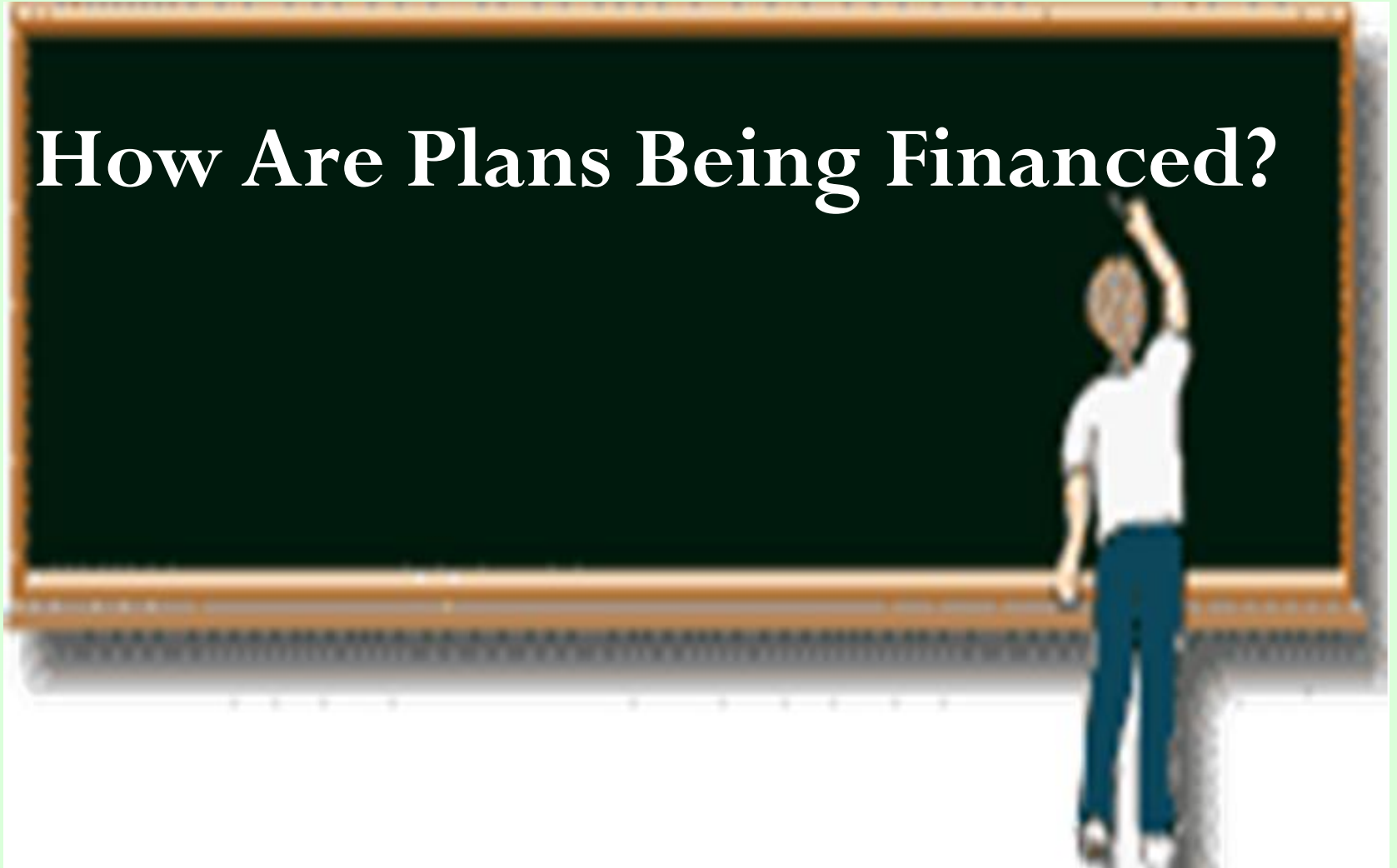
- The latest preliminary estimates (2012-13) indicate a sum of **Rs 230,000 crore (USD 37.16 bn)** to fulfill the mission objectives under the NAPCC

Cost Estimates Indicated by Some SAPCC

- SAPCC are at a nascent stage. While many states (around 20) have drafted their plans. Cost estimates of many are yet to be worked out. Cost estimates given by some states-
 - **MADHYA PRADESH** – Estimated a cost of RS **4653 Crore (USD 0.75 bn)** across activities in 13 sectors
 - **ODHISHA**- A rough and ready estimate puts the resource requirement at **Rs. 17000 crores (USD 2.74 bn)** over a period of five years.
 - **MEGHALAYA**-150 actions have been identified across 6 sector of which 66 actions have been prioritized which would require **Rs 6298 crore (USD 1.01 bn)**
 - **ASSAM**- **An additional allocation of at least 10% of its total plan size** for the implementation of the SAPCC during the period 2012-2017.
 - **MANIPUR**- For 8 state missions have estimate a requirement of **Rs 3914 crore (USD 0.63 bn) during the 12th Plan** , of which **Rs 521.89** will be required **in 2013-14**
- Cost estimate for low carbon development strategies are being worked out

Part 3

How Are Plans Being Financed?



Financing Mitigation

- Domestic

- **Budgetary contributions.** Many of the proposed plans will be built into the ongoing policies of state and centre and financed through the budgets. In the particular context of the Twelfth Plan, lower carbon strategies will require capital finance for improvements in technology and enhanced deployment of renewable and clean energy technologies.
- **Regulatory measures-** Some of these objectives may be met through regulatory interventions and use of market mechanisms, in which case the required budgetary support may be small. eg PAT (perform Achieve and Trade) and RPO (Renewable Purchase Obligations)
- **Taxes-** National Clean Energy Fund which feeds from a coal cess of Rs 50 per ton of coal was announced in the Union Budget of 2010-11. The government expects to collect Rs 10,000 crore under the NCEF by 2015. Clean energy projects worth Rs 3054 crore have been recommended to be sponsored from NCEF.
- National Green Fund to finance public- and private-sector projects/activities is being discussed

- Private sector/Market mechanisms

- India's Renewable energy programme is primarily private sector driven
- India has been making fast progress in increasing its renewable energy capacity and has displayed the fastest expansion rate of investment of any large renewable market in the world in 2011, with a 62 per cent increase to \$12 billion
- India was one of the major beneficiary of the CDM process.

Contd.

- **International**

- **Multilateral Sources-**

- **GEF** India has accessed about USD 524 million of GEF grant since 1991 (till July 2013). (CC: 67.75% - 355 million; 42/79 projects)
 - **CIF-GoI** drafted an investment plan that will tap US\$775 million from the Clean Technology Fund (CTF) to improve and expand India's hydropower operations, develop untapped solar resources, and improve energy efficiency. The Trust Fund Committee in May 2012 has approved the allocation of the first tranche amounting to US \$ 263 million for four projects contained in India's Investment Plan.
 - **Bilateral sources**-GIZ,DFID etc
 - **GCF**-India expects and hopes for the GCF to become the main source of financing in the future

Financing Adaptation

- It is absolutely clear that a majority of the adaptation work is and will be done through public money. So far there has not been any substantial international support and most of the work is being done through the developmental and social sector work in which adaptation is in built.
- It has been found that India's expenditure on these adaptation-oriented schemes has increased from 1.45 per cent of GDP in 2000-01 to 2.82 per cent during 2009-10 This is a fairly impressive level of spending and is an obvious reflection of the multiplicity of economic and social welfare programmes under implementation in India.
- In 2007, for instance, there were 22 programs in crop management, 19 in drought proofing, 19 in health, six in risk finance, six in disease control, 12 in forestry and 30-odd in poverty alleviation in India—all supported by the central and/or state governments. (<http://www.adaptationlearning.net/india/profile>)
- Adaptation is the focus of NAPCC and SAPCC. Therefore through these, adaptation will be financed.
- So far, three grants of Rs 5,000 crore each, for forest cover, renewable energy, and the water sector, have been recommended by the 13th Finance Commission for the state governments.

Conclusions

- The assessment of cost is a difficult task. However it is clear that the resource requirement is enormous and likely to increase with passing time
- Preliminary estimates indicate a sum of Rs **2,30,000 crore (USD 37.16 bn)** alone for the 8 missions under NAPCCC
- A country like *India* with large poor population cannot afford to divert resources from important social objectives like poverty eradication, education, health etc
- With growing population and urbanization there would be changes in land use, competition for land, water, and other resources. We have to find ways to grow efficiently with shrinking resource base
- A large population in India is dependent on climate sensitive sectors. The challenge is to locate adequate resources for climate change actions, without compromising on other social needs
- We have to ensure that finance and technology commitments by the developed countries are met. This is also important because developing countries as a group are already doing more than the developed countries themselves on mitigation commitments. (Stockholm Environment Institute, June 2011).
- The Prime Minister also echoed similar sentiment in his Rio+20 Summit speech: ‘Many countries could do more if additional finance and technology were available. Unfortunately, there is not enough evidence of support from the industrialised countries in these areas.

Thank you