

Green & Resilient Recovery in India

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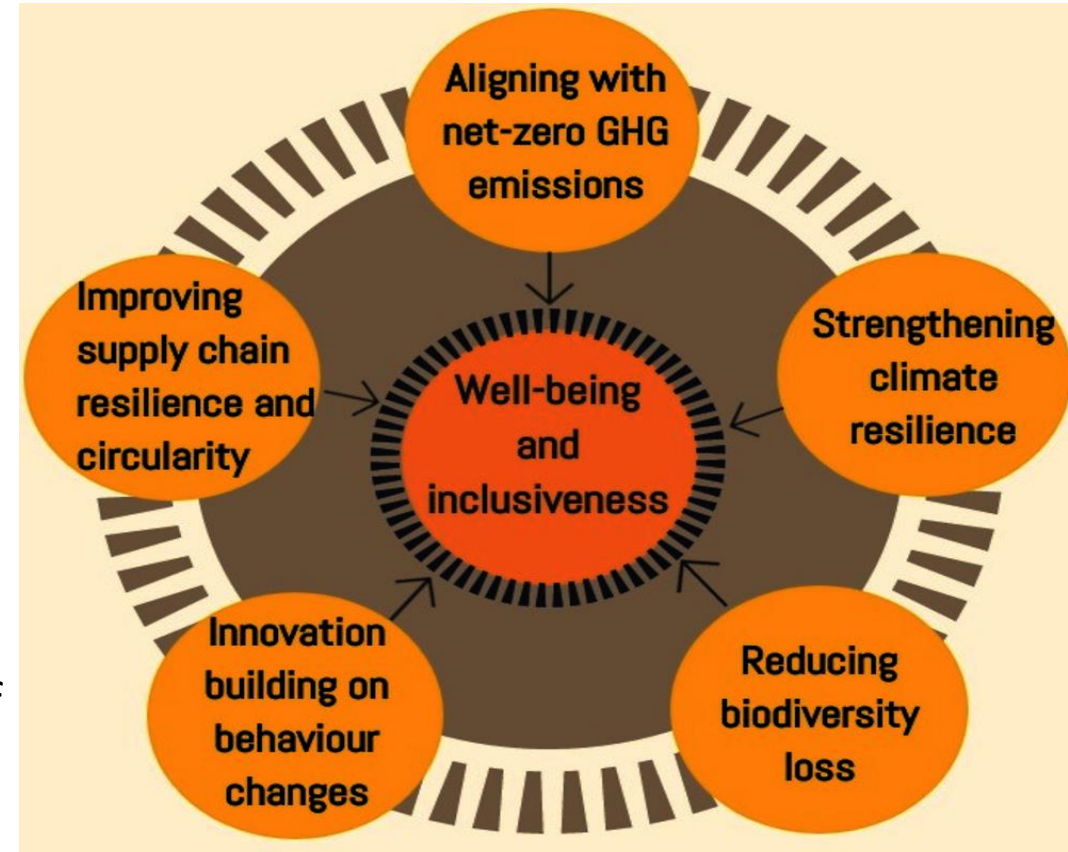
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Climate & COVID19 - Double Whammy

- The climate change crisis coupled with the Covid-19 problem continues to create ***unprecedented risk for humanity***.
- These ***threats are interconnected***: both crisis affect food security, increases poverty and inequality and contributes to deterioration of human health and well-being across the globe.
- Vulnerable countries bear the brunt as the global ***economies are falling into a recession***.
- The International Monetary Fund (IMF) has cut India's growth forecast for 2020-21 to [1.9%](#) from its earlier estimate of [5.8%](#). The International Labour Organization (ILO) estimates that [400 million](#) people in India are at risk of sinking deeper into poverty.

Building Back Better

- Exposed the Key vulnerabilities of social and economic systems
- Getting economies and livelihoods quickly back on their feet is the **priority** of the countries
- Recovery policies also need to **trigger investment and behavioral changes** that will reduce the likelihood of future shocks and increase society's resilience to them when they do occur
- COVID has highlighted that a broader concept of **systemic resilience must be developed** that recognizes the interconnectedness, volatility, uncertainty and complexity of challenges.



India has the second-largest **arable land** area in the world and a **coastline** of over **7,500 kilometres**.

Largest producer



Milk



Pulses



Spices



Tea



Jute

Second-largest producer



Fruits and
vegetables



Poultry



Rice and
wheat



Fish



Cotton

Agriculture dividend

58%

Source of
livelihood for
58% of the
country's
population

44%

of the country's
workforce is
employed in
agriculture

Impacts on Agriculture

Impacts on Agriculture

COVID-19 impact on agricultural value chain: Short to medium term



About 140 m farm households – agriculture **already heavily hit by the vagaries of climate change** and listed as the most vulnerable sector

- Covid lockdown restrictions came up at the **peak of rabi season** in India and crops like wheat, gram, lentil, mustard, etc. (including paddy in irrigated tracts) were at harvestable stage
- **Disruption to the supply of perishables** - fruits and vegetables, dairy products, fish, etc.
- The **migrant farm workers** forced to return home at a critical stage. It had a huge impact on post harvest operations
- **Lack of transportation** impacted the agricultural supply chains
- Distribution in the supply of essential commodities to vulnerable population
- As weather has been very erratic over in many parts, harvested produce must also be protected from such risks.

Mitigation Measures

Social protection measures

Cash transfers

Strengthening farm
employment

Supply of free food grains and
essential commodities
through PDS

Other measures:

Investments in key logistics, e-commerce and delivery companies and start-ups with suitable policy interventions and incentives

Strengthening the supply
chains and the MSME sector

Facilitating the availability of
farm machinery through state
entities, Farmer Producer
Organizations (FPOs) or
custom hiring centers (CHCs)
with suitable incentives

Leveraging NREGS funds to
pay part of the farm labor

Extending institutional lending
of crop loans and facilitation
for smooth (and sufficient)
flow of credit to borrowing
farmers



Climate Resilient Investments

Expected to improve:

- the ability of assets and systems to persist,
- adapt and/or transform in a timely, efficient, and fair manner that reduces risk and
- avoids maladaptation, unlocks development and creates benefits

Climate-resilient recovery

- **Infrastructure investment** is likely to be a key component of recovery measures in many countries including India – in part because of job creation potential – and it is important to ensure that infrastructure investments are climate resilient and do not increase exposure and vulnerability.
- Integrating more ambitious policies to halt and reverse biodiversity loss and restore ecosystem services, including through **nature-based solutions**.
- Investments targeted through stimulus packages need to better assess and value biodiversity and ecosystem services and integrate these values into decision-making.
- **Fostering innovation that builds on enduring behavioural changes**. Continued technological and process innovation will be critical to achieving climate and other sustainability goals. Governments play a key role in fostering an innovation ecosystem, well beyond funding basic research and development
- Both **hardware and software** are critical elements in the recovery process

Climate Finance in India

- The largest source of climate financing in India is **public funding**, which is **routed through budgetary allocation and several funds and schemes** related to climate change established by GoI
- National Clean Energy Fund (NCEF) and National Adaptation Fund (NAF) - are key public funding sources
- What is available **is inadequate**. There is no clear accounting framework
- GoI approximately **spends 2.6% of GDP on climate adaptation** but still **falls short by about USD 38 billion** (KREA, 2020)
- There is **no clear assessment of climate relevance of publicly funded projects**
- Private sector funding has picked up in the renewables sector but very **negligible in its contribution to adaptation** / resilience related actions
- Low risk, high return approach is not a viable option for resilience funding
- Imperative to use fiscal policies and **market instruments to leverage funds for resilience actions**

Climate Resilience Finance

Actively support development of green finance flows to improve resilience, encouraging longer-term horizon for financial decisions:

- Measure the consistency of investments and financing with climate change mitigation and resilience, ***building on existing private and public sector initiatives***
- Promote ***robust and transparent definitions and standards for green finance*** in order to guide financial allocations and investment (including taxonomy approaches);
- Increase potential for public finance to ***catalyze private investment*** by further empowering public finance institutions: e.g., by increasing lending authority and ability to co-invest.
- Increase and ***improve capacities to assess, manage and publicly disclose climate change-related financial risks***, building on existing frameworks and approaches (e.g. TCFD, NGFS).

Knowledge Gaps

- Lack of understanding of the decision-makers at the state level on ***how and how much they are spending on their climate change responses.***
- Inadequate focus on ***planning and costing of climate change response actions*** in the medium and long term and defining what actually constitutes climate change allocations and expenditures.
- Poor understanding of how to access international and national climate finance.
- ***Limited skills and experience in writing proposals, implementing ideas*** and in applying tools and approaches to measure progress.

Need for sub-national level actions

- Indian sub-national governments have their own treasury, annual budgets and fiscal management framework
- Low carbon/ adaptation/resilience building initiatives are implicitly covered under various development and welfare schemes run by the state governments. There are no/limited explicit climate-led programmes
- Four key sources of funding climate resilient activities:
 - Budget Allocations – Major Source
 - Assistance from the Government of India
 - External funding from multilateral/bilateral sources such as World Bank, GCF, etc.
 - Off-balance sheet operations through state-owned entities
- State Action Plans on Climate Change (SAPCCs) should provide details of the mid-to-long term financing requirement to make states resilient to adverse impacts of climate change
- Most states published their SAPCCs before the Paris Agreement and are being currently revised. Accordingly, financing requirements/gaps are also likely to change
- Even more importantly, SAPCCs are often standalone documents and are hardly taken into account during annual budget planning and allocations

Thank you !

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