Press Release

FICCI Side Event on Climate Finance at the India Pavilion, COP 22

November 16, 2016, Tuesday, Marrakesh, Morocco: FICCI organized a Side Event on **"Climate Finance – Present Landscape & Opportunities"** at the COP 22 India Pavilion. The side event highlighted the role of India's financial institutions (FIs) towards meeting the climate change and sustainability agenda; building preparedness of domestic financial institutions; and the role of International Climate Finance in addressing India's Climate Change Agenda. Minister for Environment Forest and Climate Change (MOEFCC), Government of India, and Secretary, MOEFCC addressed the conference.

Shri Anil Dave, Minister, Environment, Forest & Climate Change, addressed the event and emphasized that the discussion on climate finance needs to move from conference rooms to the streets, it needs to be mainstreamed, needs to touch rural markets, small towns and percolate down to the micro level. Banks can play an important role since they are close to consumers. He also called for the need of greater private investment in R&D efforts. He talked about a balanced approach – there are four aspects in the Indian context – artha; dharma; karya; and Moksha and each should get 25 per cent focus.

Shri Anil Kumar Jha, Secretary, Minister of Environment, Forest & Climate Change, recognized that India's NDCs entail significant investment on a scale we have not yet achieved. He highlighted the need to address key challenges such as (i) The missions under the NAPCC not having separate sources of funding; (ii) No commitments from private finance and international finance inputs; (iii) Weak Communication is weak – for example, the National Adaptation Fund has not been tapped very well; (iv) The level of intervention is small, not at a scale that can bring visible change, and that is primarily because of a lack of capacity to meet the criteria of project funding; (v) Lack of convergence among various entities. He also highlighted that public finance to mitigation and adaptation in India is very large, if we do not just look from the prism of climate finance. For example, forestry related funds amount to INR 40,000 (approx. USD 5 billion). However, he pointed towards the need to address few questions related to (i) How can international finance be accessed effectively (ii) How can green finance be incentivized given that private capital is not only mobile but highly volatile? (iii) How can commitments of provincial governments be built? How can private sector collaboration with state governments be catalyzed? (iv) How funding should be increased for an area that is less developed versus an area which is flourishing (v) How can we ensure capital flight does not happen, because bulk of our investments is through foreign institutional investors?

Mr Karnam Sekar, Deputy Managing Director, State Bank of India, talked of 3 key points that are important in the climate finance discussion – first, the need to widen the canvas of green finance beyond renewable energy to other areas such as water, sanitation, green buildings, etc.; second, the need to put in place risk mitigation mechanisms for banks and (iii) to ensure that the bank customers are taking into account the adverse impacts of climate change and this should essentially be done by assessing compliance to environmental, social and governance parameters (ESG).

Mr Kolluru Krishan, Co-Chairman FICCI Climate Change Task Force and Chairman, CVC Biorefineries Ltd., said that green finance needs to extend to green businesses. Considering that of the 65 million of the green jobs in India, renewables are projected account for only 10% of the share, it is important to extend climate finance beyond renewable energy to a wider gamut of projects in green construction, transportation, wastewater management, etc.

Mr Sean Kidney, CEO & Co-founder, Climate Bonds Initiative, said “we need to take the opportunity of urbanization happening in India and make it investable”. The discussion on climate finance need to move beyond green bonds and into the entire financial system including banks, insurance sector, pension funds, a nd mutual funds. It does not require any new tools but leveraging existing tools and instruments to make this happen. India’s National Acton Plan on Climate Change needs to be converted into a National Investment Plan)”. Mr Aditya Vansh Bahadur, Regional Progframme Development manager, DFID-MoEFCC Climate Change Innovations Programme said that states need to move towards standardization with respect to assessing loss and damage, forecasting and project proposal development for enhanced access to adaptation finance.

Ms Rita Roy Choudhury, Senior Director & Head-Environment, Climate Change, Renewable Energy and Water Division, FICCI in her opening remarks said “Financing would be the backbone of the global effort to curb climate change, and the successful implementation of the Paris Agreement. Future low carbon infrastructure, majority of which is yet to be built in a country like India, would require trillions of dollars of financing. Mechanisms to channel the vast pool of financial resources, from public and private sources, would be critical to unlock capital in the direction in which it is needed. Policies to support the financial sector in its redesign towards the needs of sustainable development would play the most important role in channeling finance to climate change and overall sustainable development priorities in the medium and long terms.” She added that the UNEP Inquiry has helped to bring this discussion into the foreground with FICCI in India and the launch of the India Green Bonds Market Development Council by FICCI and the Climate Bonds Initiative would further help to catalyze the market for issuers and investors of green bonds in India.