DA Participates in Dialogue on Greening Finance at Sub-national Level

Development Alternatives participated in a dialogue on ‘Greening of Finance at the Sub-national Level’, jointly organized by Agence française de développement (AFD), Shakti Sustainable Energy Foundation, and Small Industries Development Bank of India (SIDBI) on 4 April, 2022 from 2:00 PM to 4:30 PM. The objective of this initiative was to facilitate a dialogue among various stakeholders and civil society organisations (CSOs) and enable knowledge transfer on greening the Indian financial ecosystem.

According to the Global Climate Risk Index 2020, India ranks 5th out of 181 countries affected by climate change, implying an extremely high exposure and vulnerability. Thus, for India to sustain its development trajectory, it is imperative that the country takes action to mitigate climate change impacts and build resilience among communities. Furthermore, in line with the country’s commitment to be net zero by 2070 at Conference of Parties 26 (COP26), significant efforts are required at both the central and the sub-national levels.

States play a critical role in undertaking measures and implementing climate change-related actions on the ground. Reaching the 2030 targets and eventually net zero will require substantial and immediate action from state governments as well as local actors and CSOs. However, this can be a challenge because there is a significant capacity gap within states when it comes to understanding the nuances of climate change and accessing finance from private/international sources to implement low-carbon projects.

Additionally, the sub-national actors have limited resources and are ill equipped to undertake large-scale implementation of climate actions. For example, the state action plans on climate change (SAPCC) lack scientific basis and are difficult to translate into fundable project ideas. It is, therefore, important that
this gap is urgently addressed, and state actor capacities are built to ensure that India stays on track to achieve its climate action targets.

In this context, the roundtable focused on a) identifying various barriers to access of ‘green’ finance by state actors and b) providing insight into different mechanisms that can be used to leverage capital flows at scale through greenening of financial activity.

Dr. Satabdi Datta represented Development Alternatives in the roundtable, wherein she made a presentation on "Scope for Achieving Climate Resilience through Alternative Financing Mechanisms: The Case of Bihar". She spoke about sectoral priorities for climate change adaptation, components of the Bihar Action Plan for Climate Change, existing flow of finance for financing these measures, and the potential of climate and green finance to fund climate adaptation interventions.

She highlighted that there is potential to successfully blend public and private capital as means to mitigate high investment risks, thereby unlocking greater private sector investment in climate projects. She also mentioned that innovative finance tools directed to agriculture have a major opportunity to mainstream climate, and particularly to bridge the immediate need for increased climate resilience of the sector and that additional private sources of green and climate finance can be tapped to meet the gap in adaptation finance in climate-vulnerable states like Bihar.