

Statement for the India - U.K. Track II Dialogue on Climate Change and Energy

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The climate crisis must be addressed with the urgency that it demands. We know from climate science both that global temperature increases above 1.5°C (relative to pre-industrial times) carry severe risks to lives and livelihoods, particularly for poor countries and peoples, and that strong action and investment across the world over the next three decades, especially this decade, will be crucial if we are to achieve this target. Stabilisation of temperatures at 1.5°C will require global emissions to be net-zero by mid-century. Ahead of COP26, it is important to reiterate the essential role that India and the UK play in the world's efforts to limit temperature rise to 1.5°C. A thriving India-UK partnership on global climate action can be supported through the UK's presidency of COP26 and the G7, and India's upcoming presidency of the G20 in 2023. To achieve net-zero emissions by mid-century we will need to enhance existing climate ambitions and innovations. The net-zero aim will only be achievable with individual & practical trajectories for the 2020s, 30s and 40s, consistent with the 1.5°C target. India and the UK, through these multilateral summit Presidencies and at the Global Stocktake 2023 should lead the call for countries around the world to develop these detailed trajectories.

The recent statement by Quad countries (India, Japan, USA, Australia) to pursue nationally appropriate sectoral decarbonization efforts, including those aimed at decarbonizing shipping and port operations and the deployment of clean-hydrogen technology. Such cooperation towards establishing responsible and resilient clean-energy supply chains, and strengthening the Coalition for Disaster Resilient Infrastructure & climate information systems, is a welcome step forward.

Unmanaged climate change could displace hundreds of millions of people, possibly billions, acutely impacting India and many other developing countries. We are already seeing the impacts, and many of these will continue, even with deep emission cuts, highlighting the need for adaptation and resilience. Whilst the transition has great investment and job opportunities, however, some investments and jobs in carbon-intensive industries are likely to be stranded as countries rapidly reduce emissions, potentially driving many back into poverty. Hence, the transition must be managed in a just way by focusing on communities, their gender, caste, and class dimensions, as well as the resulting regional inequities. The longer decarbonisation and adaptation are delayed, the more disorderly the future transition to a low-carbon economy will be and the more growth and development will suffer.

Thanks to technological advances, the cost of renewable energy systems has declined rapidly in recent years and continues to fall; in many countries renewable energy costs are now less

than fossil fuels, even before accounting for the cost of carbon and including costs of storage. Moreover, there is mounting evidence that investing in low-carbon technologies and solutions can drive better growth, development, and jobs; this is an attractive growth path that has strong potential, with the right policies, to be more inclusive, resilient, and sustainable.

India has the opportunity to be a leader in charting a new and better path on development. Eighty percent of India's mid-century infrastructure has yet to be built. The next three decades will be crucial. A major push through investment and innovation to transform cities, energy, transport, water, agriculture, and digital infrastructure can lay the foundations for more sustainable, inclusive, and resilient growth. Reconfirming the importance of natural resources for both the economy and ecology for India as Prime Minister Modi has underscored, establishing better water-sensitive global value chains and reducing emissions of high-consumption sectors like steel, cement and power is central to building resilience. Accelerating this transition to a low-carbon future will be critical for both development and climate. Alongside India's expansion of its renewable energy generation capacities to 450GW, a clear coal phase-out trajectory is required. That should include analysis and action on costs, impacts on livelihoods and their mitigation, and timelines. It should cover proposed, under construction and currently functioning coal power plants.

Adapting to a warmer world can in many cases be combined with curbing emissions and advancing development and poverty reduction. This is especially true of natural solutions, like mangroves, and by more firmly embedding the circular economy to reduce waste and increase resource productivity. There are strong examples in water management and the resilience of cities. In all these areas entrepreneurship can bring jobs the world so desperately needs while making cities more resilient, protecting water supplies, and protecting rural areas from extreme weather events.

Water takes centre-stage while speaking of adaptation, and the world needs to look at how it uses and values water, including the embedded water in global supply chains. The world also needs to be imaginative in how it uses water in a range of sectors, for example in scaling up high-quality, low-impact food sources like insect protein. The UK and India can collaborate on research, especially in the granular climate models so central to adapting effectively; also, in policies and platforms for managing risk and bringing private capital, including ushering the risk-enabling capital into the micro-incubators in India, UK and beyond.

It will be the duty of wealthier nations to support India and the developing world to bring this growth story to life. The rich world must commit to providing the requisite support on financing and access to and development of new technologies. It is critical that developed countries including the UK live up to their existing financial commitments to deliver \$100 billion in climate finance per year clearly indicating the role of public, private, blended as well as international multilateral and bilateral finance within it. This is of especial importance for the immediate imperative to "build back better" from COVID-19. Developed countries must commit to delivering on the \$100 billion commitment in 2022 or the latest by 2023, and to scaling up finance substantially thereafter in support of more ambitious climate action in the developing world.

Multilateral development banks will need to more than double their climate finance over the coming five years and greatly improve their private sector multipliers. This will require better use of their existing balance sheets and instruments, but also proactive capital increases and specific measures to tackle single borrower limits that constrain lending to large borrowers like

India. A strong partnership between India and the UK can help break the current stalemate on international climate finance. UK will have an important role to play in this calculus via its permanent Chair in the World Bank and IMF; in doing so it should work closely with India.

Real bilateral potential exists to leverage capital deployment from private financial institutions via credible transition plans, collaborative approaches on sustainable infrastructure, channelling green finance to MSMEs and updating their surrounding regulatory framework through banks to address climate risk and resilience in national prudential and monetary policies.

The challenge ahead is to accelerate the recovery from COVID-19 and embark on a low-carbon climate-resilient growth path, seizing on the opportunities for climate-smart investments. The world is looking to India for a critical leadership role in the coming decade in driving development forwards as it plays its role in keeping temperature increases below 1.5°C and builds a sustainable, resilient, and inclusive economy and society. India will need support from the UK and other key allies to achieve her goals.