



ACTION ON CLIMATE TODAY

Engaging Private Sector for Financing the National Adaptation Plan

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Structure

- What is India doing on NAP
- How is ACT supporting the process
- Why do we need diversification of Finances for NAP
- Focus on Private sector
 - Entry point
 - Engagement Strategy
 - Opportunities
 - Risks
 - Case studies

National Vision for Adaptation to Climate Change

“India’s Vision is to Adapt to The Changing Climate in Such Way so as to Become a Climate Resilient Nation”

To reduce the negative impacts to the extent possible, harness emerging opportunities and thereby ensure water, food, energy, health, infrastructure and economic security for its entire population in all its subnational regions for all times to come

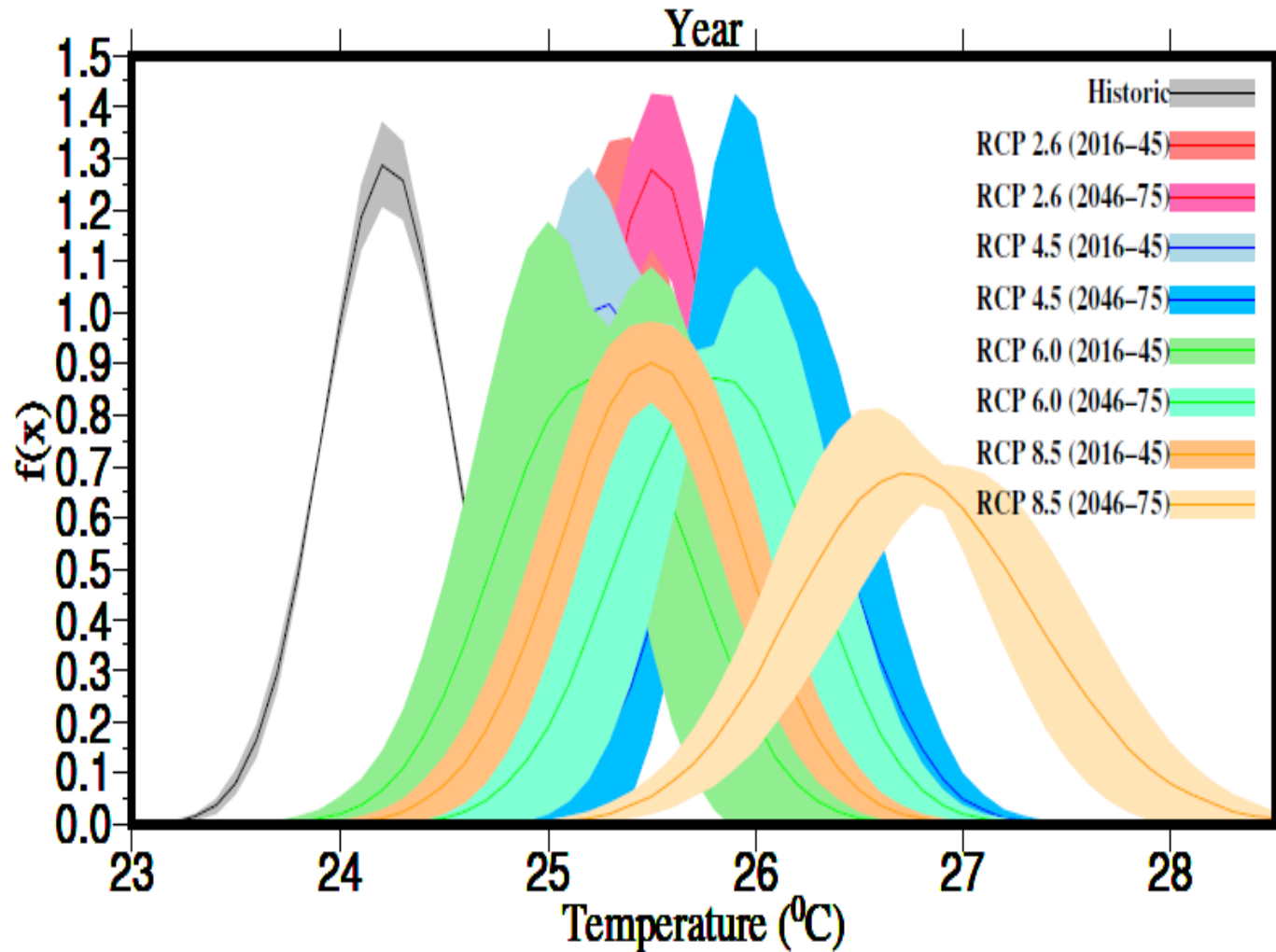
INDIA'S KEY DOMESTIC INITIATIVES TOWARDS ADAPTATION TO CC

National and State Policies	Programs that cover adaptation concerns	Available Financial Instruments
<ul style="list-style-type: none"> • National Action Plan on Climate Change <ul style="list-style-type: none"> • Water • Agriculture • Forest and Biodiversity • Himalayan Ecosystem • Habitats • Energy Efficiency • Solar • Knowledge • State Action Plans <ul style="list-style-type: none"> • 28 States • 7 Union Territories • INDCs 	<ul style="list-style-type: none"> • Water: Watershed development; River and Wetland conservation • Agriculture: National Initiative on Climate Resilient Agriculture • Cities: Smart Cities; Urban Rejuvenation • Rural: Rural livelihoods mission & MGNREGA • Forests: Afforestation, Agro forestry, Green Highways • Health: IDSP, NVBDCP • Himalayan Ecosystem: Studies • Coastal zone: CRZ, ICZM, and Island Protection, Mangrove Rejuvenation • Knowledge: INCCA, State Climate Change Centers • Capacity Building: Training Policy, Skill Development 	<ul style="list-style-type: none"> • Clean Environment Fund (2.7 billion) • National Adaptation Fund (55.6 million) • Funds for various missions • Bilateral Technical Support • Multilateral funding's such as UNFCCC adaptation fund and GCF, WB, ADB and others

GOVERNMENT SPENDING ON ADAPTATION

- Overall budget outlay has increased by a **factor of four** BETWEEN 2003-04 to 2014-15
- Rate of growth of government allocation to development and building adaptive capacity **much faster** than that of overall annual budgets
- Public spending on adaptation last year was INR 2130 billion i.e. 12% of the budget for the **year (~2% of GDP)**
- **26 Central Government Schemes** are directly related to climate change adaptation.
- Total spending on building adaptation capacity was INR 5970 billion (around US \$ **91.8 billion**) in 2013-14
- Loss and Damage from extreme events were estimated additional at US \$ 5-6 billion in the year 13-14
- International funding for adaptation (for India) is about a **third** of the domestic commitments

ADAPTATION GAPS WOULD PERSIST



Distribution of mean annual temperature in base line (1971-2000) and in projected climate- India

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ACT -ACT is a regional climate change adaptation programme funded by DFID and managed by Oxford Policy Management

Geographical Focus: Afghanistan, Nepal, Pakistan, India (the states of Assam, Bihar, Chhattisgarh, Kerala, Maharashtra and Odisha)

IMPACT	Indicator	End of Programme Target
Economic & social systems adapt to climate change, ensuring climate resilient & sustainable development	Number of people reached by climate policies, whose vulnerability to climate change has been reduced	100 Million
	Governance systems adapted for climate change	18
	Reduced costs of climate change impacts	\$3 Billion

Enhancing CCA Finance

Integrating climate finance in national and sub-national budgeting

- Climate Change Financing Framework (CCFF) in **Afghanistan**
- State Action Plan Financing Frameworks (SAPFIN) in **Kerala, Assam, Bihar and Chhattisgarh**

Supporting access to International climate funds

- Access to national funds in India (National Adaptation Fund)
- Access to international climate finance in **Pakistan, Afghanistan and India**

Enhancing the Financing for Adaptation from Private sector

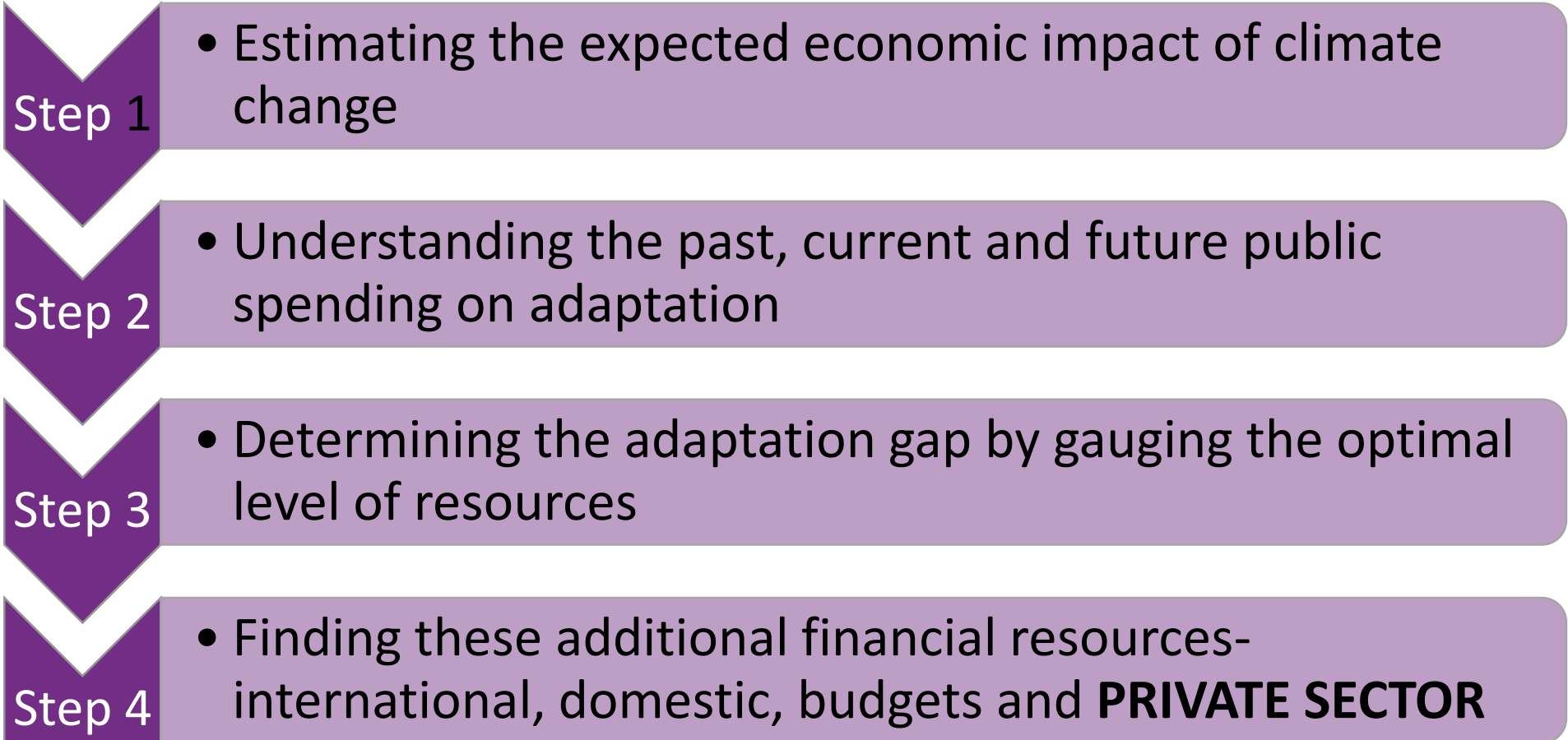
- **Business models for projects and actual projects on the ground**
- Curriculum on Adaptation finance for business schools
- Toolkit on Approaches to engaging private sector

\$139 million USD

climate finance leveraged

Supported development of CCFF tools in 8 locations + at regional level

The Climate Change Finance Frameworks-Govt Budgets

- 
- Step 1
 - Estimating the expected economic impact of climate change
 - Step 2
 - Understanding the past, current and future public spending on adaptation
 - Step 3
 - Determining the adaptation gap by gauging the optimal level of resources
 - Step 4
 - Finding these additional financial resources- international, domestic, budgets and **PRIVATE SECTOR**

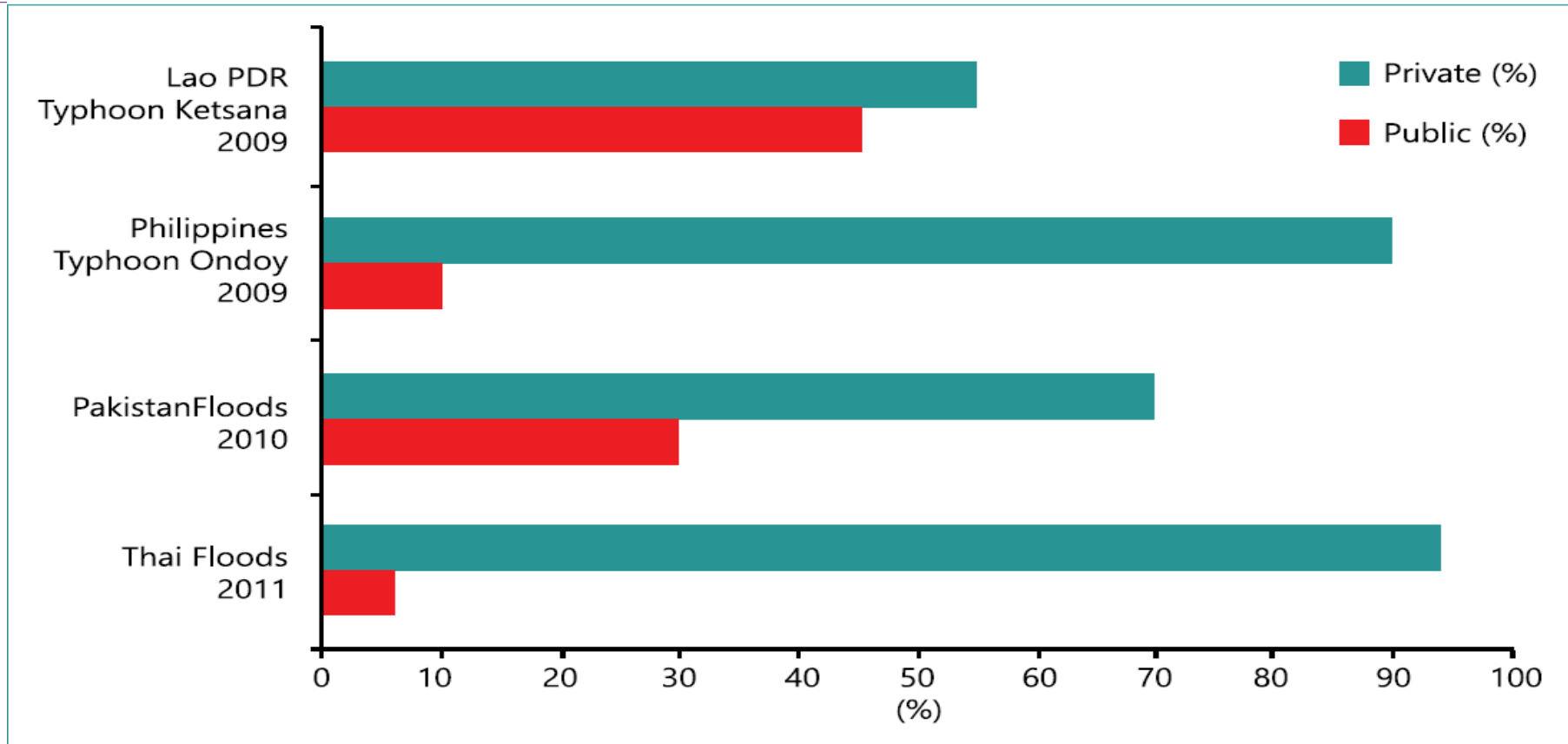
Incentives for Private Sector to Engage in CCA

1. Business Continuity

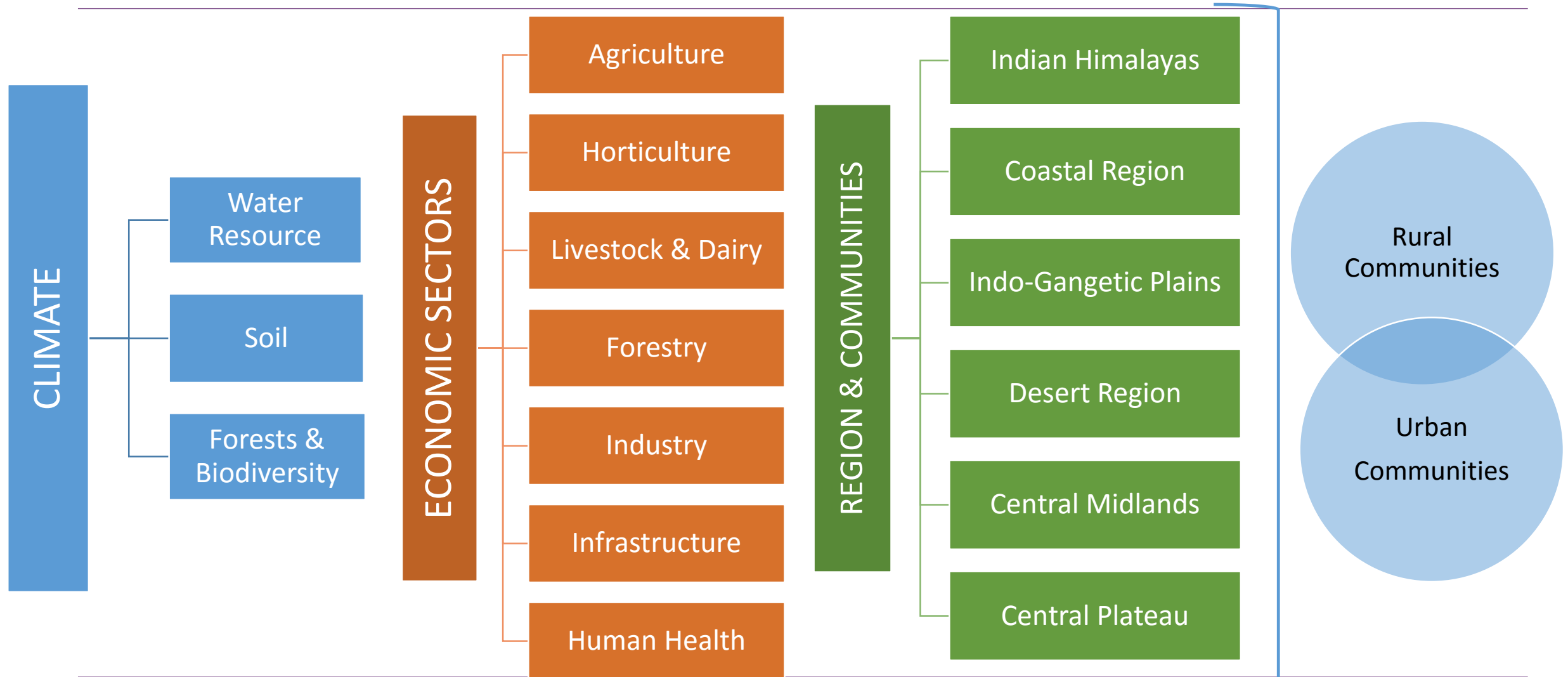
2. Business Opportunity

3. Business as Stakeholder

Impact of CC on businesses and pvt. sector



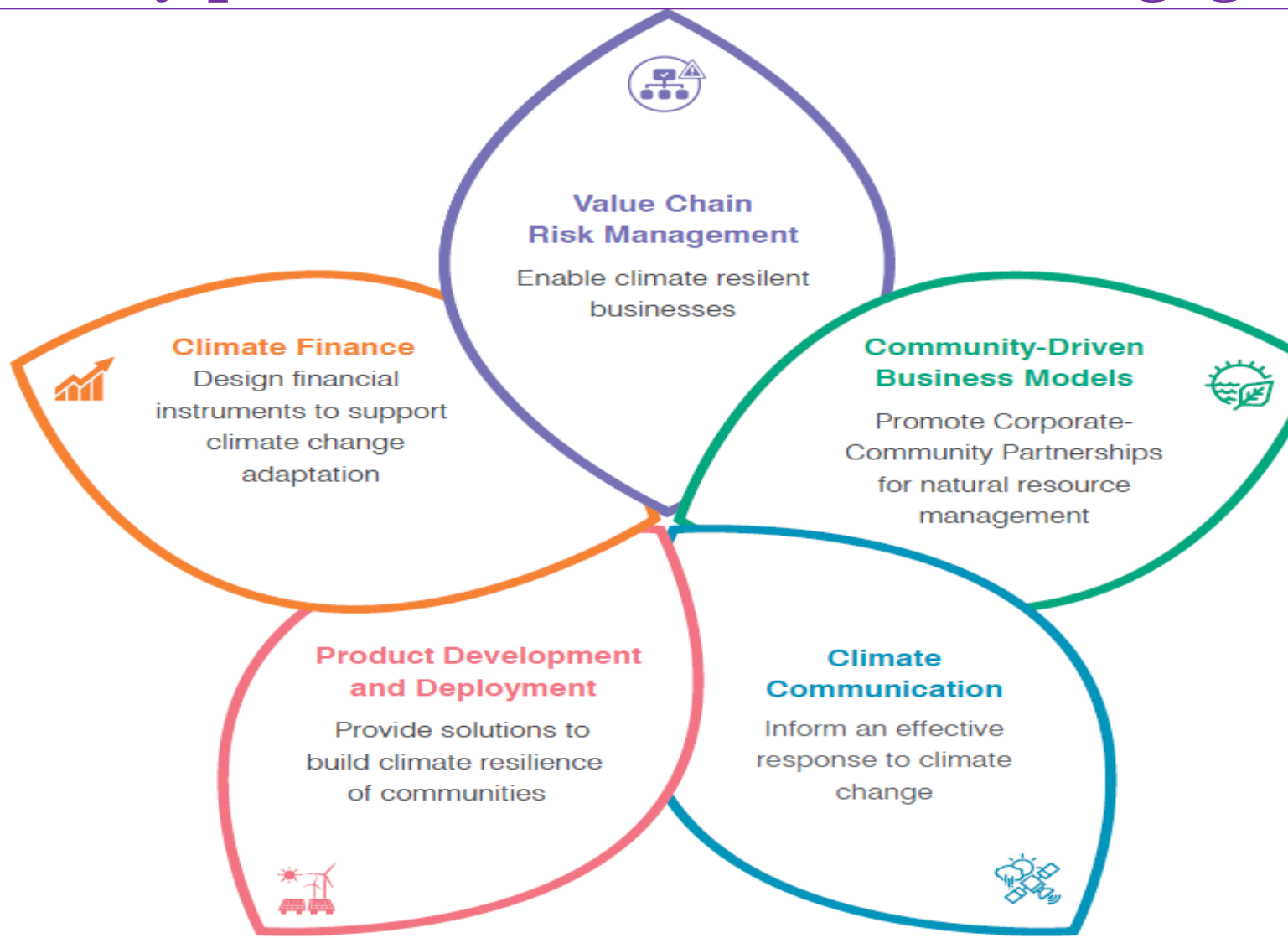
How to UNBUNDLE NAP for Business Relevant Sectors



Entry points for Private Sector to Engage in CCA



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Key Areas of Unbundling

Climate Risk Assessment of Value Chain

- Climate change impacts business as well as the communities they depend upon
- Recognizing the problem, identifying the resulting risks, and responding with adaptation measures can help businesses build resilience to climate change.

Buy-Back Guarantee ; Workforce Management ; Climate Smart Agriculture ; Water Resource Management

Product Diversification

- Climate change may present new opportunities for businesses.6 Companies can develop
- Deploy new products, technologies and services that support climate mitigation or
- Which help improve the climate adaptive capacities of their target audience or markets

New Market Opportunities ; Technology Solutions for Water Management and Climate Smart Agriculture

Key Areas of Unbundling

Community-Driven business Models

- Ecotourism, one of the most rapidly growing tourism sectors globally, is defined as *“responsible travel to natural areas that conserves the environment, sustains the well-being*
- Community based afforestation programmes can result in livelihood generation for rural communities, build their adaptive capacities and generate carbon credits.

Companies can invest in such programmes for their wide-ranging socio-economic benefits and utilize the resulting carbon credits to achieve their climate mitigation targets

Climate Finance

- Climate change is projected to increase insured losses from extreme events in an average year by 37% within just a decade.
- One key sectors that will be significantly impacted by climate change and therefore merits climate-specific insurance instruments is agriculture.

Climate Risk Insurance ; Climate Finance Products

Private Sector Engagement on Climate Adaptation :Four Critical Steps

Private Sector Partnership models to support implementation of adaptation actions in Maharashtra

Stakeholder Mapping and Private Sector Engagement

Stratify Longlist of 100+ Companies by:

- High impact, direct climate vulnerability, indirect climate vulnerability;
- Areas of interest within Agriculture, Water and Natural Resource Management (NRM) sectors

Shortlist PSP Pilots based on:

- Existing relationship and accessibility
- Presence in Maharashtra & other CCIP states

Private Sector Engagement through:

- Consultative meeting organised by CCIP in Mumbai with pvt sector
- One-on-one meetings with companies to develop PSP pilots for Maharashtra

PSP Pilot Implementation Plan

3 Leading Companies: **Ambuja** (Watershed/Sustainable Housing), **Tata Power** (Community Livelihood, Watershed), **Godrej Industries** (Agriculture/ Watershed)

- Review Company's current Climate Strategies for Building Community Resilience
- Identify and Design PSP Pilot Projects Scope (location, objectives, sectors and key interventions)
- Draft PSP Pilot Financing Model
- Establish possible linkage for leverage with Government Policies and Programmes

Policy Recommendations

Thematic Recommendations

- Technical Support – Climate Technical Support Facility/Skilling Initiative
- Financial Support – New Market Mechanisms, Financial Incentives, Leverage CSR Investments
- Regulatory Amendments – Channelise CSR investments, Mandate Climate Change Impact Assessment in Projects, Mandate Corporate Disclosures on Adaptation
- Performance Monitoring – Corporate Action Registry Platform, Awards and Recognition Programme

Scalable and replicable models for promoting private sector investment in adaptation

Value Chain Risk Management

Natural Resource Management

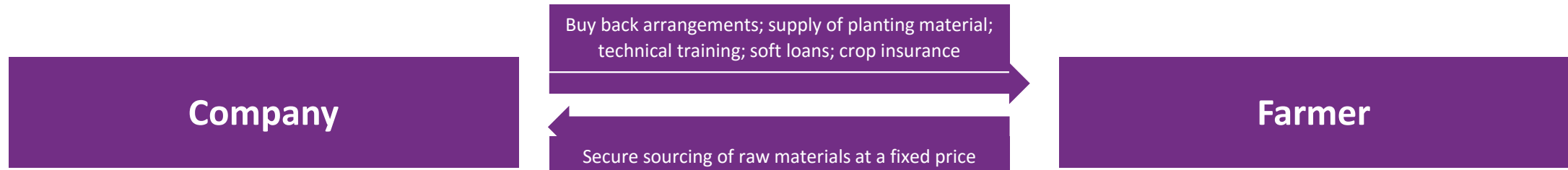
ICT for Climate Resilience

Climate Smart Technology/Product Deployment

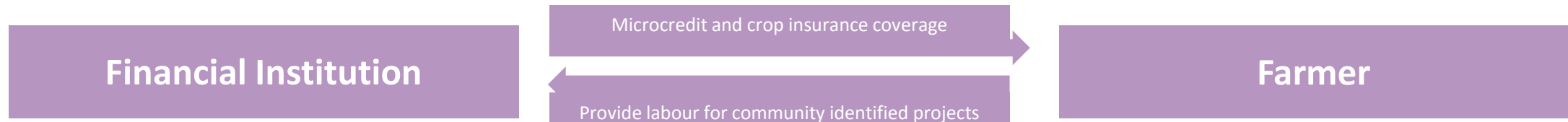
Financial Instruments and Services

Potential Adaptation Corporate Models

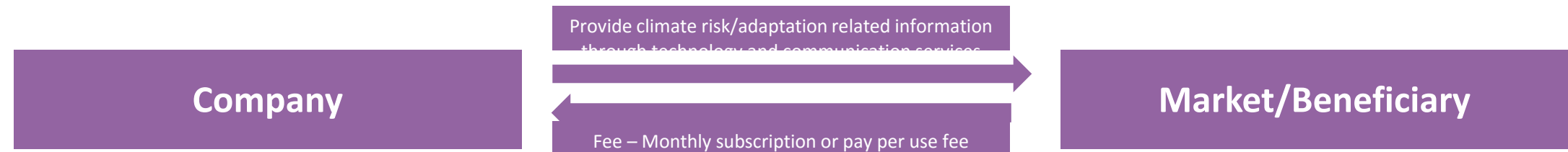
Buy-back guarantee for sustainable sourcing of raw materials



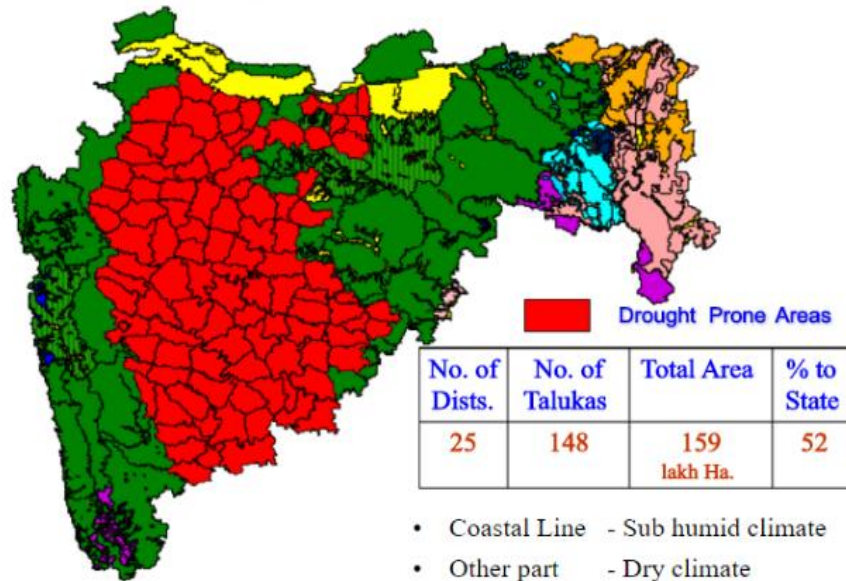
Insurance-for-work



Business investment in product development



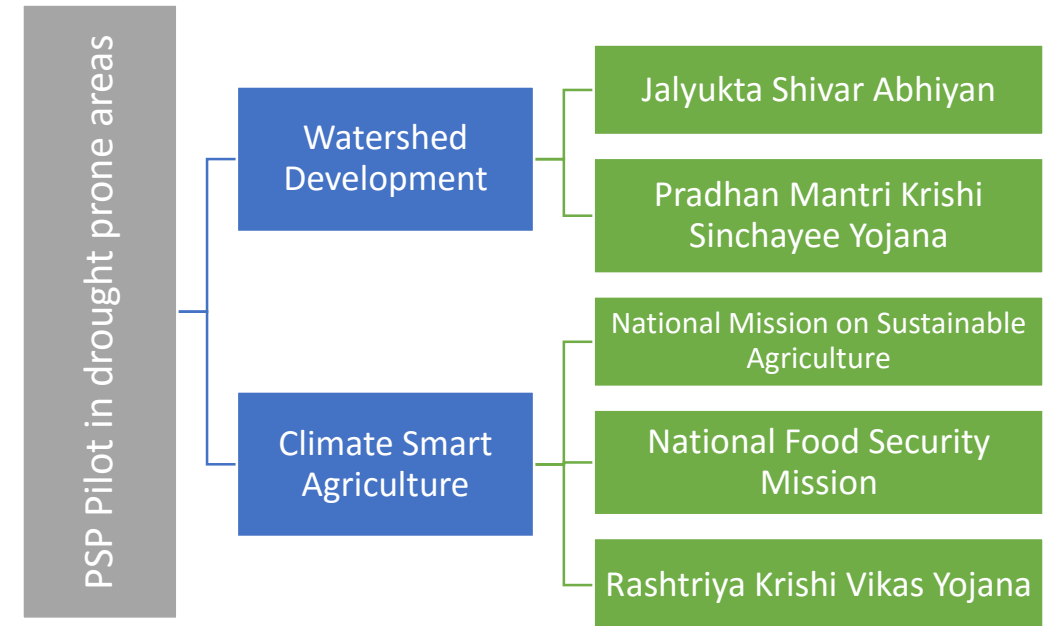
Case Study for Implementation: Godrej Industries



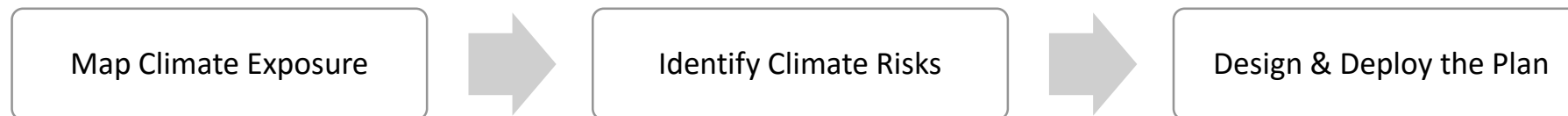
Source: Agriculture Profile Maharashtra - Rashtriya Krishi Vikas Yojana

Intervention Areas

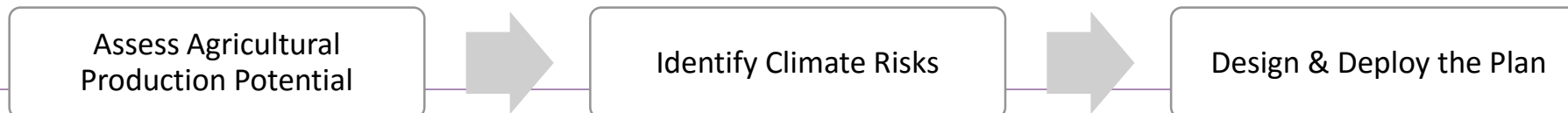
Linked Scheme



Development of Climate Resilient Watershed Development Plan

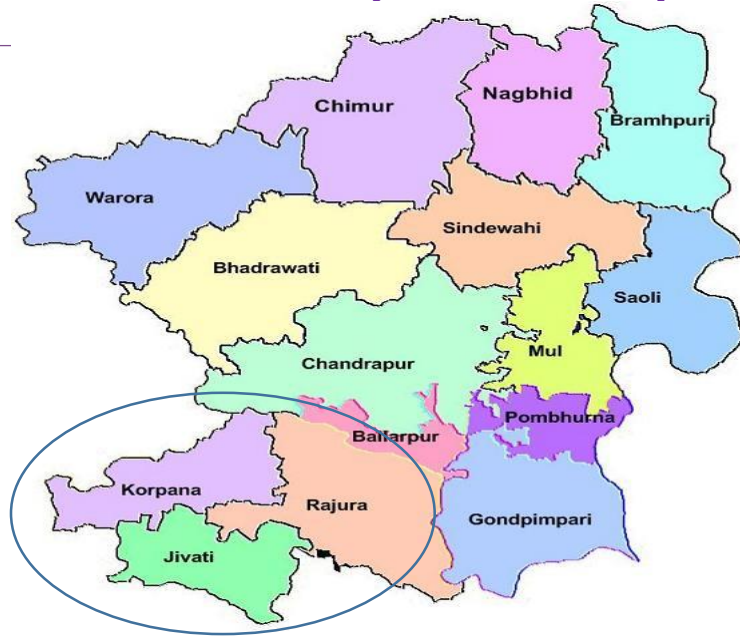


Development of Climate Smart Agriculture Plan

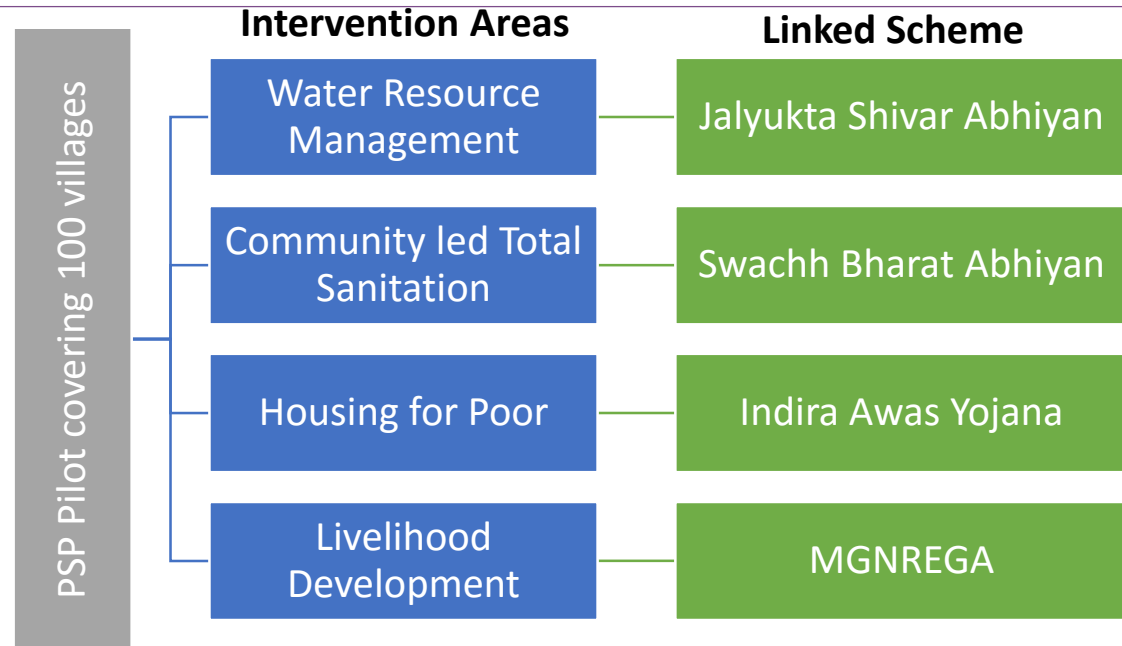


* Budget for housing for poor will be worked out based on further scoping of the PSP pilot

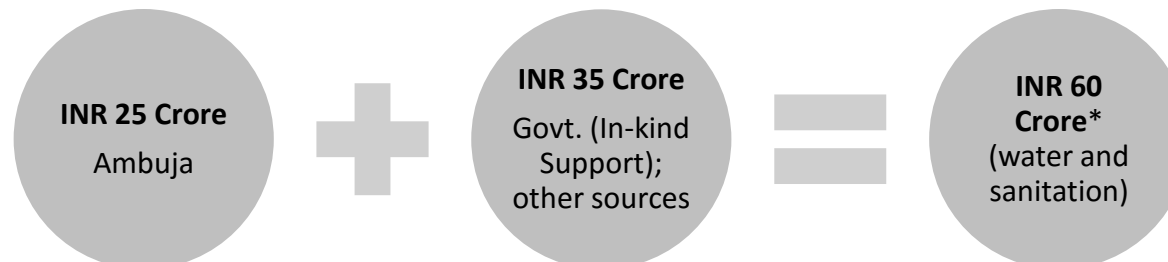
Case Study for Implementation: Ambuja



PSP Pilot Location: Chandrapur district



PSP Pilot Financing : PPP Model

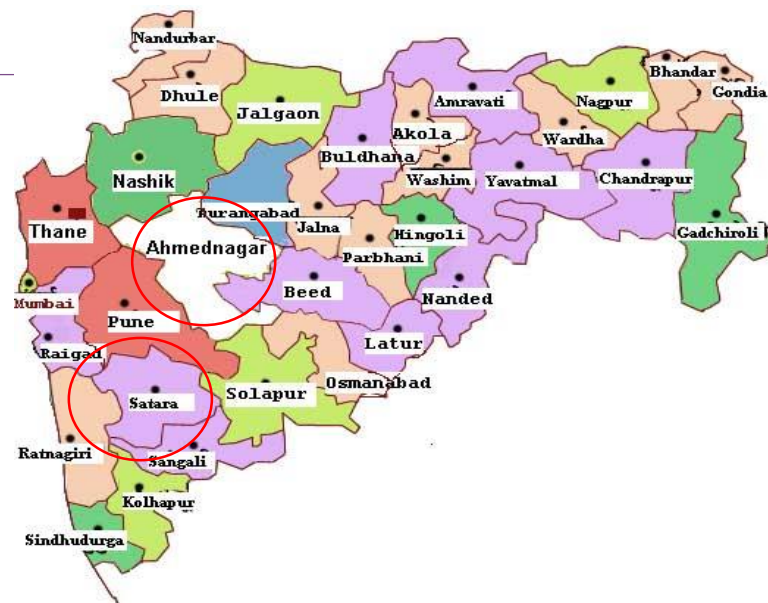


* Budget for housing for poor will be worked out based on further scoping of the PSP pilot

Case Study for Implementation: Tata Power



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PSP Pilot Location: Ahmednagar & Satara districts

PSP Pilot in 2 Districts

Intervention Areas

Watershed Management

Livelihood Improvement

Linked Scheme

Jalyukta Shivar Abhiyan

Pradhan Mantri Krishi Sinchayee Yojana

National Rural Livelihood Mission

Tejaswini Maharashtra Rural Women Empowerment Program

Watershed Management

- Interventions including afforestation, rainwater harvesting, artificial ground water recharge and check dams

Livelihood Improvement

- Supporting women Self Help Groups (SHGs) for enhanced milk production and backyard poultry

* Budget for housing for poor will be worked out based on further scoping of the PSP pilot

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Working group session – 4 groups

1. Have you seen similar projects in your country ? If yes please list them, if not discuss from your countries Adaptation plan what could be projects from your country – *each person to contribute one point atleast*
2. Challenges of such projects – What are the key challenges and gaps to wider uptake of such projects

Second half

- What Should we as communities of practice do to increase Pvt sector interest and
- What should the government do as custodians of most large adaptation initiatives

OR

- What is in it for me – *discuss any one case study from Govt perspective, CSO perspective, Community perspective and Private sector perspective*

Thank You