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INCREASINGLY, THE PATHWAY TO ADDRESSING
CLIMATE CHANGE LIES IN DOMESTIC INITIATIVES
IN INDIA AND OTHER COUNTRIES

IN

2024, climate change continued its seemingly relentless march. Once

the data are in, 2024 will almost certainly be the warmest year on record, beating 2023. This is not an outlier; the 10 warmest years recorded have all occurred since 2010. Yet greenhouse gas emissions, which cause climate change, are still rising, not falling. Emissions grew by more than 1 per cent during 2023 even as scientists say they need to peak and then decline by 25 per cent to 40 per cent by 2030.

What does this actually mean for peoples' lives? Those of us who live in South Asia will almost certainly experience more frequent extreme heat events, floods and droughts, with substantial health and economic effects. Because human productivity falls when it is hotter, the International Labour Organization projects that South Asia will face labour productivity losses of 5 per cent, equivalent to losing 43 million full-time jobs, by 2030. Climate change was almost certainly a big factor in the 2022 floods in Pakistan, which submerged a third of the country's land, affected some 33 million people and directly displaced 8 million. Climate change can not only set a country back years, it can also multiply the effect of existing threats. For example, higher temperatures can be associated with higher surface ozone levels, exacerbating air pollution. In multiple ways,

climate change is making the task of building prosperity and security in India and South Asia ever harder.

This context of ever greater threat, particularly for the world's poor and most vulnerable, formed the backdrop for the annual climate negotiations, held this year in Baku, Azerbaijan. At Baku, the focus was on finance: would developed countries deliver on enhanced finance to support developing countries' transition to low-carbon futures and enable adaptation to inevitable warming? As is now typical, negotiations were fraught and came down to the wire.

The bottom line: rich countries promised to ramp up climate finance to \$300 billion a year by 2030. This seemingly represents an increase on current levels of about \$100 billion, but dig a bit deeper, and there are several reasons why this is a disappointing outcome: this is a promise to increase finance not now, but over the course of a decade; various high-level estimates place the estimated requirements more in the \$1 trillion range and above; and, perhaps most problematic, this amount includes all possible sources of funds—public, private, multilateral, bilateral and anything else that could be thought of. This is unlikely to stimulate low-carbon development or provide reassurance against climate impacts.

Baku also did not give much hope on the broader task of accelerating decarbonisation. Developed countries sought collective statements of intent to phase down fossil fuels, building on such declarations in past meetings; developing countries correctly pointed out that those most responsible for causing the problem—developed countries—should do more and, in any case,

the limited funds on offer made claims of collective action on climate change sound hollow. There is little doubt the entrenched politics of deadlock at climate negotiations breed cynicism about seriously addressing the problem. And yet, this would be an incomplete understanding of the problem and of possible ways forward.

The source of hope in climate politics and policy lies in looking beyond international negotiations. Fuelled by steep falls in the cost of renewable energy and a growing perception that these are the technologies of the future, Bloomberg estimates that investments in energy transition increased 17 per cent last year, and 27 per cent each in the two previous years. China has led the charge, but many other countries are following suit. Around the world, countries and businesses are now betting that the future of world energy is increasingly clean, and that they will gain global competitive advantage by being first movers. That clean energy can also help with issues such as air pollution and liveable cities is another motivation. This is heartening, because while addressing climate change goes beyond transitioning to clean energy alone, it is an essential part of the process.

Why has this growing convergence around clean energy not broken the negotiation deadlock, spurring a virtuous spiral of more ambitious global pledges and action? Countries are moving to low-carbon futures, just not fast enough to avoid global warming by at least 1.5 degrees Celsius and quite possibly 2°C. And the faster this change must happen, the more disruptive it is likely to be. As existing industries are disrupted, jobs will be lost in sectors like petrol car manufacturing and coal mining and will need to be replaced by new jobs. Scarce and costly capital will need to be reallocated away from other pressing development needs. People will need to be persuaded to change consumer habits around how they travel, cool their homes, and what they eat. All of these can be politically costly to governments. The potential for socially disruptive change is why countries are cautious about aggressive commitments and instead seek flexibility on the speed and extent of an energy transition.

What does this mean for India? We have considerable

unmet energy needs and, because of low current and past emission levels per person, limited responsibility for climate change. Disruption, particularly in energy, could be costly. But we are also highly vulnerable to climate change and increasingly see possible gains to the Indian economy from being first movers in clean energy.

On the international front, India's likely choice is prudence—keeping the pressure on developed countries for emissions reductions and finance, preparing for an energy transition at home while limiting international pledges. However, claims to climate leadership will, sooner or later, come with pressures for more risk-taking, and bolder international pledges.

The more interesting possibilities, and the biggest scope for creative action, lie on the domestic side. The first order of business for India is to become more climate-resilient, because some level of warming is now inevitable. India, like all countries, must make our cities and coasts more climate-resilient and plan for adaptation in sectors such as agriculture and water; city-by-city heat action plans will be a good start. This is not a trivial task. It requires local-level planning, scientific infrastructure and more effective governments at all levels.

Second, India will be well served by doubling down on our efforts to build a low-carbon economy that creates jobs. The current somewhat scattershot approach should ideally give way to a more strategic approach. We need to identify competitive opportunities with job-creating possibilities, and areas where clean energy transition serves development goals such as reducing air pollution. Key upgrades required include enhanced investment in technological R&D,

polymaking around complementary packages rather than individual policies to induce long-term changes, a regional planning approach, particularly for coal regions that may be the hardest hit, and strategic efforts to harness green capital from India and overseas.

Third, India, like most countries, does not have a government designed for the complexities of climate change. The task requires strategic ability to induce economic transformation and coordinate between ministries; the task extends well beyond the environment ministry to agriculture, water, power, coal and urban development ministries, and many

INDIA MUST BECOME CLIMATE-RESILIENT AND ALSO BUILD A LOW-CARBON ECONOMY THAT CAN CREATE JOBS AROUND THIS. THE GOVERNMENT MUST COORDINATE ACROSS MINISTRIES, STATES, AND LOCAL EFFORTS



more besides. It also requires coordination across the central, state and local levels and the ability to work with communities on local adaptation and with business on energy transition. It may also require changes to India's legal framework. In brief, climate change brings enormous governance challenges.

The pathway to addressing climate change, increasingly, lies in domestic initiatives in India and other countries. This year is important. Will Trump back away from the US climate pledges, undermining the global process? Will China continue to double down on its clean energy transition, where it is undoubtedly the leader? What these countries, and India, do at home will also affect the potential for breaking, or entrenching, the global deadlock. There is scope for progress on climate change, but it runs more through countries re-envisioning their economies to be both low-carbon and climate-resilient than from a global breakthrough. ■

WE ARE HIGHLY VULNERABLE TO CLIMATE CHANGE AND INCREASINGLY SEE POSSIBLE GAINS TO THE INDIAN ECONOMY FROM BEING FIRST MOVERS IN CLEAN ENERGY

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