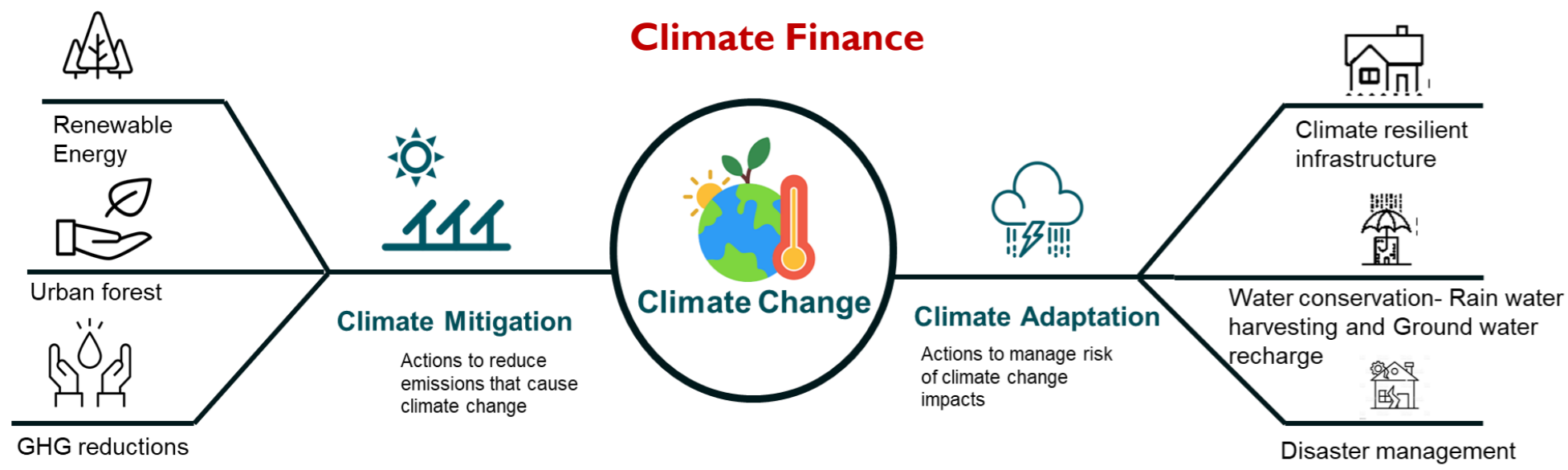


CLIMATE FINANCE FOR WASH IN INDIA

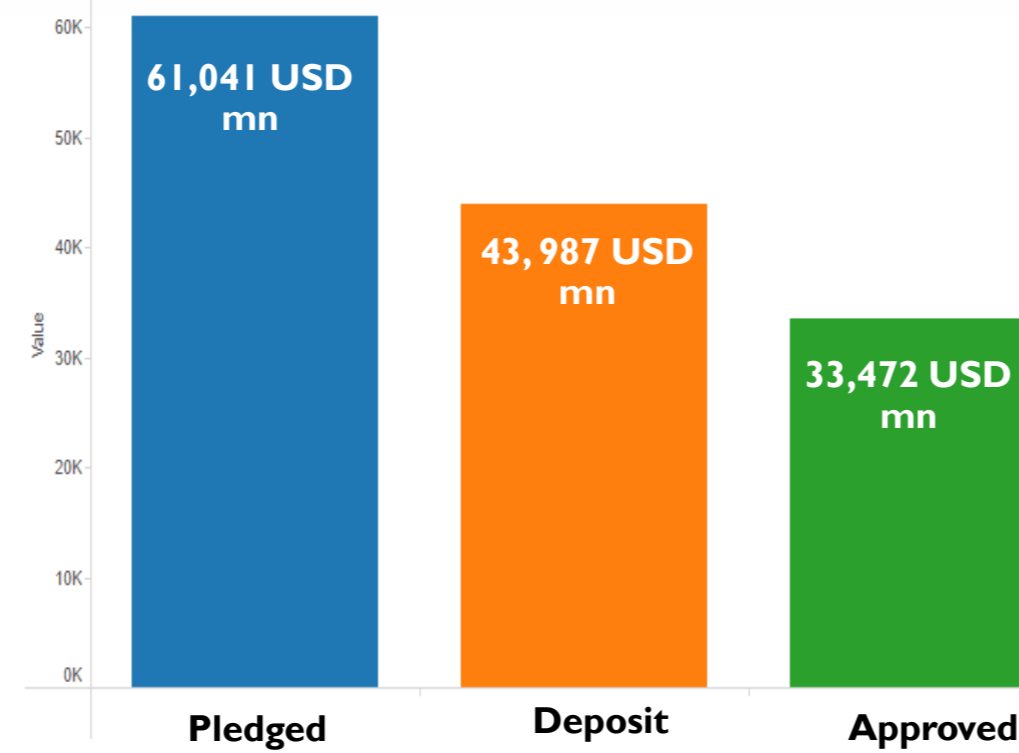
What Is Climate Finance?



Climate finance refers to local, national or transnational financing drawn from public, private and alternative sources of financing that seeks to support mitigation and adaptation actions that will address climate change.

Total Adaptation Finance: 56.24 USD bn
Total Mitigation Finance: 868 USD bn

Water & wastewater: 24 USD bn (43%)
24 USD bn (1%)



Landscape review of potential sources for WASH

- International Arrangements:** Green Climate Fund (GCF), Global Environment Facility (GEF), Climate Investment Funds (CIF), Adaptation Fund, Loss and Damage Fund, Multilateral and bilateral development banks- World bank, ADB, AfDB, IADB, EDB etc
- Domestic Public finance:** National programs- JJM, SBM, AMRUT, smart cities; State programs- Eg: Maji Vasundhara, LG own sources through local budget; National or State funds- NaBFID, UIDF, NABARD's Climate Adaptation Fund and National Adaptation Fund For Climate Change
- Innovative finance:** Green bonds and sovereign green bonds, Municipal bonds, Carbon credit, Blended finance/ PPP, Corporate Social Responsibility, Philanthropic funds, Green and water credits

Global Funds
Total No of Projects: 3,428
Total disbursement: through funds: 13,564 USD mn

Currently, **voluntary carbon credit market** in India. Gol plans to develop the Indian Carbon Market (ICM) where a national framework will be established to decarbonize Indian economy by pricing GHG.

WASH finance is generally adaptation finance which is very low as compared to other sectors. Only 1% of mitigation finance is WASH.

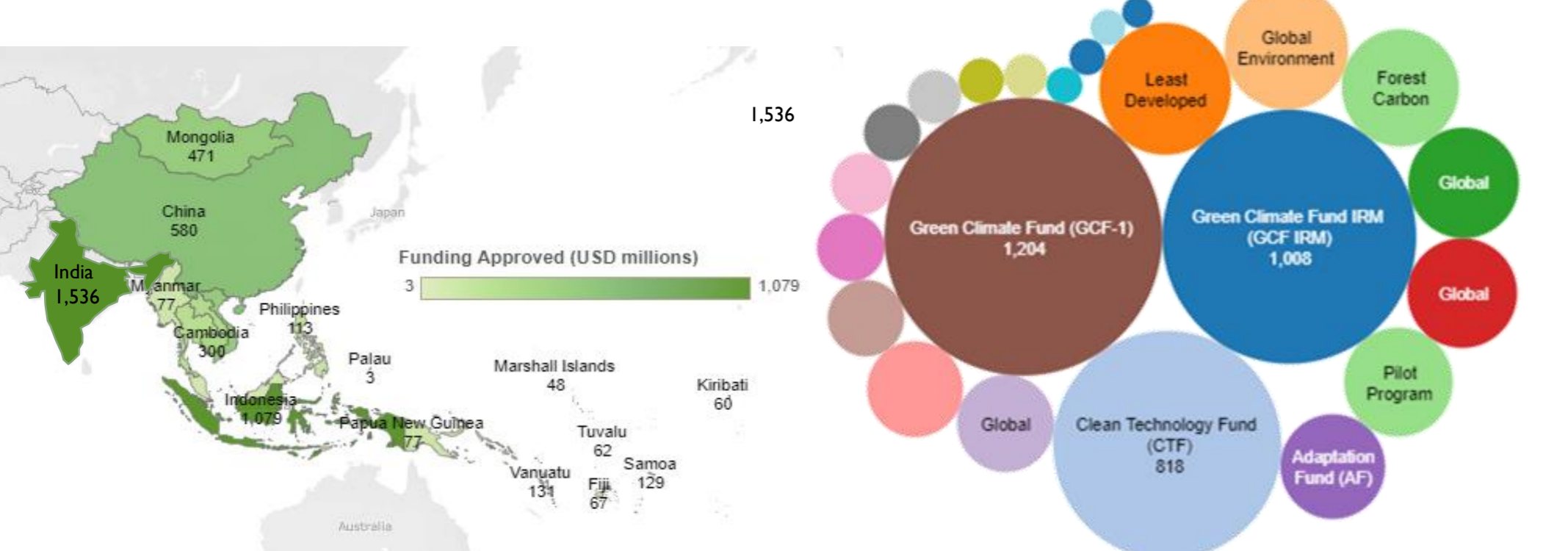
India's green portfolio size

Global Environment Facility (GEF 4, 5, 6, 7, 8): Grant: 288.56 USD mn	Green Climate Fund - I (GCF - I, IRM) Grant: 84 USD mn Concessional Loan: 100 USD mn	Clean Technology Fund: Grant: 37.85 USD mn Concessional loan: 666 USD mn
Adaptation Fund Grant: 24 USD mn	Global Energy Efficiency and Renewable Energy Fund (GEEREF) Grant: 15 USD mn	Special Climate Change Fund (SCCF): Grant: 9.82 USD mn
Partnership for Market Readiness Grant: 8.3 USD mn	Scaling Up Renewable Energy Program (SREP) Grant: 1.2 USD mn	Pilot Program for Climate Resilience (PPCR): 0.45 USD mn
Sovereign Green Bonds: 980 USD mn	Green Bonds (municipal + private): 20,020 USD mn	Carbon Credits: 548 USD mn (municipal + private)

- Green Credits:** As of now, trade facility platform of trees and land parcels have been developed but nothing has been monetized.
- Energy, Agriculture, Water security, Wastewater, Disaster management, Fishing
 - Environmental Research, Environmental Protection, Transport, Industries, Women

Total India's green portfolio size : 22,783 USD mn

Funds operating in East Asia and Pacific



Highest approved for India (1,536 USD mn), Indonesia (1,079 USD mn), China (580 USD mn), Mongolia (471 USD mn)

International Agencies	Carbon Credits	Green Bonds
Global: 13,564 USD mn	4,10,500 USD mn	29,13,928 USD mn
India: 1,235 USD mn	548 USD mn	21,000 USD mn

Case Studies

Ground Water Recharge and Solar Micro Irrigation to Ensure Food Security and Enhance Resilience in Vulnerable Tribal Areas of Odisha

Funding: GCF: 34.36 mn USD
Accredited Agency: NABARD

Enhance groundwater recharge in the community ponds through structural adaptation measures and use of solar pumps for irrigation to ensure water and food security in the vulnerable areas of the state.

10000 tanks will have Ground Water Recharge System
1000 solar pumps to be installed

5.9 million people impacted

Innovative approach of raising finance through green bonds and carbon credits- Case of Indore Municipal Corp

Green bonds of **INR 200 crore** over municipal bonds as it was easier to obtain carbon credits for a "green" project.

Bundling of solar projects to obtain carbon credits
Verification and authorization through EKI

Selling **INR 52 lakhs** of carbon credits worth which is encashed for O&M of WASH solar project

Sovereign Green Bonds

2022: RBI's Sovereign Green Bond Framework
2023: SrGB of INR 8,000 cr in two trenches

5-year SrGB: 7.10%
10-year SrGB: 7.29%

Key Findings

- Accessing international funding portfolios is long term and remains a challenging process. Eg: GCF requires accredited institutions to prepare project proposals to access funding.
- International funding is a combination of grants, concessional funding, co-financing, loans etc. Climate finance in this form not directly accessible by local governments.
- There is very little international focus of climate finance in WASH sector. Sanitation is still missing out in the sector portfolios like GCF.
- Sovereign green bonds do not have proper disclosures of projects. Very less or no funding from these bonds reaches at local level.
- Training and capacity building of local and state government officials to access climate funding through workshops, round-table meetings etc.
- Carbon credit markets need to be expanded. Regulatory market, frameworks and standardized guidelines, methodologies need to be created. Bundling of projects to avail carbon credits. Eg: Multiple projects of 5-7 cities can be done to quantify the volume and avail carbon credits. These credits can be traded off / encashed in the market .
- Role of NGOs in climate financing could be around advocacy and monitoring of project outcomes.
- Make existing financing by the public sector, national programs, and multilateral development banks more climate-responsive.
- Ensure that climate finance is distributed equitably, with a focus on reaching the most vulnerable, exposed and underserved communities.