

Establishing a Global Alliance to Accelerate Climate Action

Through its G20 Presidency, India can establish a Global Climate Alliance to mobilize trillions of dollars of climate financing from the global North to the global South:

- ❖ India, and the global South, are facing rapid climate change that can set back economic development and trigger widespread social strife.*
- ❖ A Global Climate Alliance can catalyse a robust climate financing system which will mobilize trillions of dollars for climate investments in India and the global South. In return, the global South will have to commit to binding decarbonization commitments.*
- ❖ India has a historic opportunity to build on Germany's Climate Club proposal and establish a Global Climate Alliance during the 2023 G20. Developing aligned pathways for key sectors such as power and steel is the best way to get started.*

Net Zero is Net Positive for People and Planet

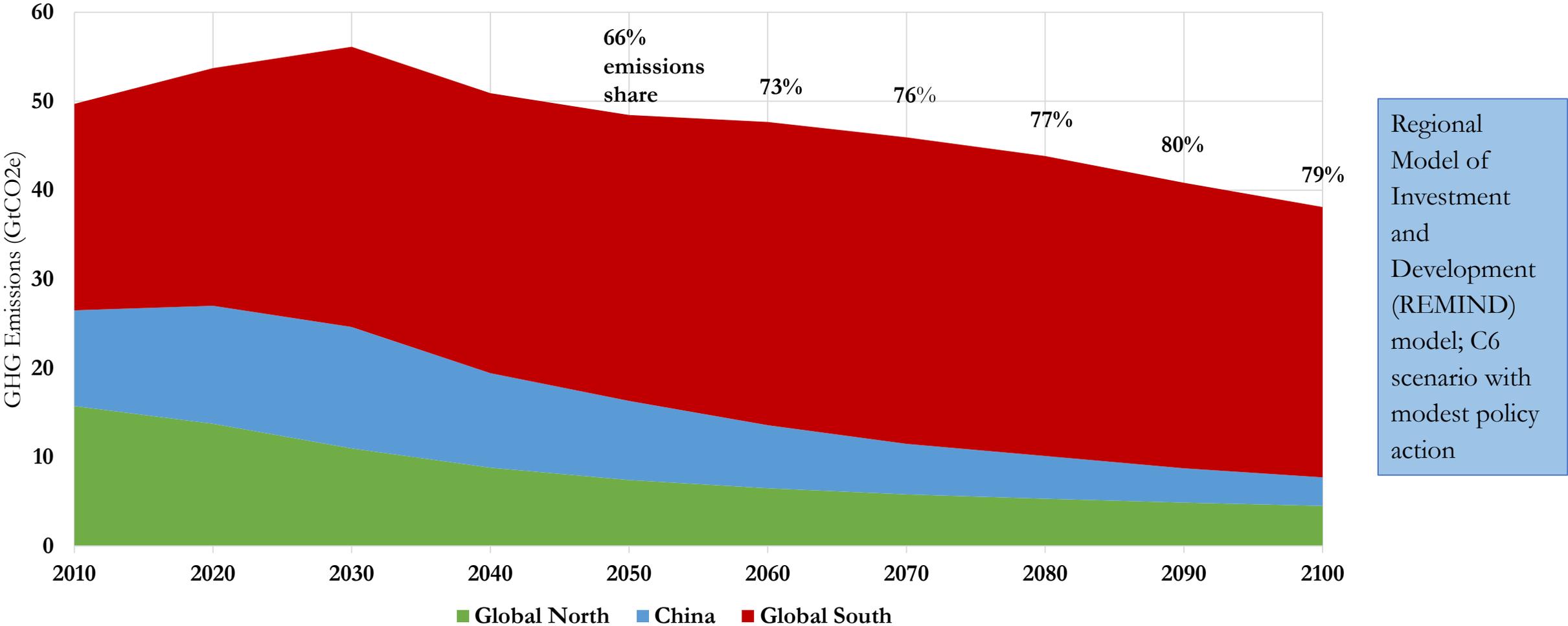


***NET ZERO
IS NET
POSITIVE!***

- *Net Zero Pathways have to be compared to Baseline Pathways that result in 2.5 to 3 degree global warming*
- Net Zero Pathways result in *higher GDP growth* and *more job creation*
- Net Zero Pathways massively bring down air pollution from fossil fuels *saving millions of lives annually*
- Net Zero Pathways result in higher levels of *energy security and better balance of payments*

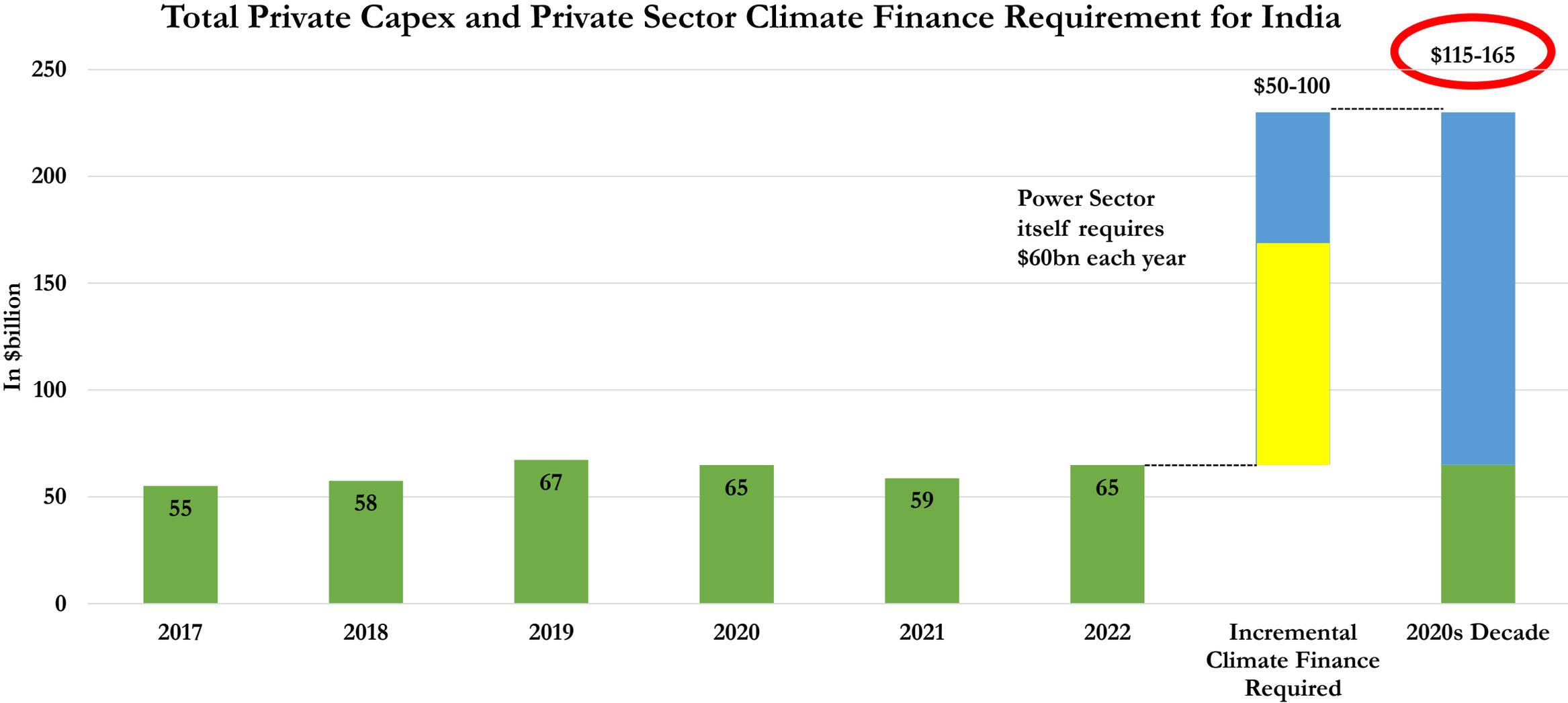
Future Emissions Likely to be Driven by Global South

GHG Emissions Shares Projections as Per Current NDCs



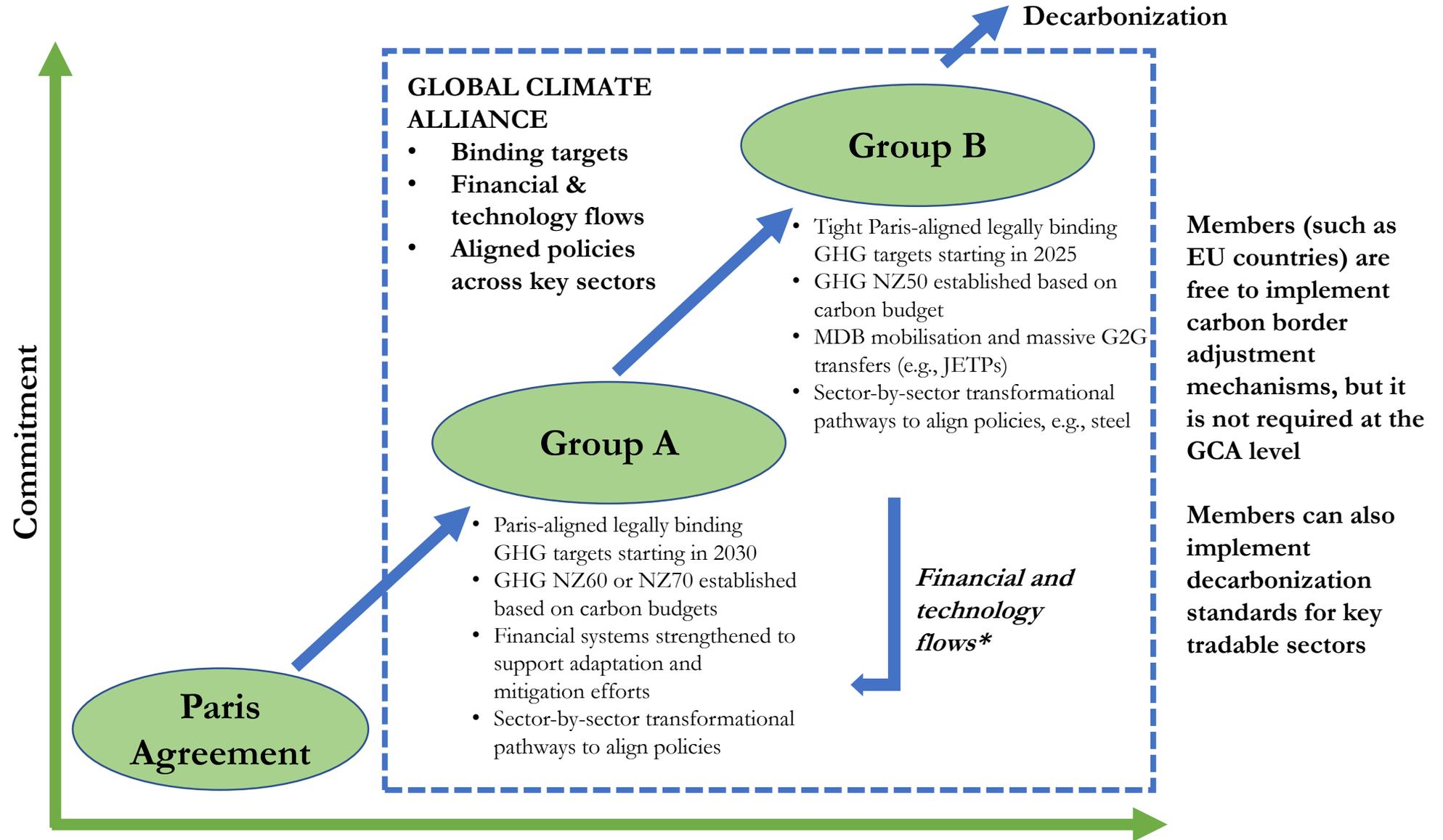
Source: IPCC AR6 Data; Global North inclusive of OECD90+EU28

Massive Investment Requirements – India Example



Source: Capitaline, Axis Bank Research; solar figure calculated from the data in McKinsey's Decarbonising India report

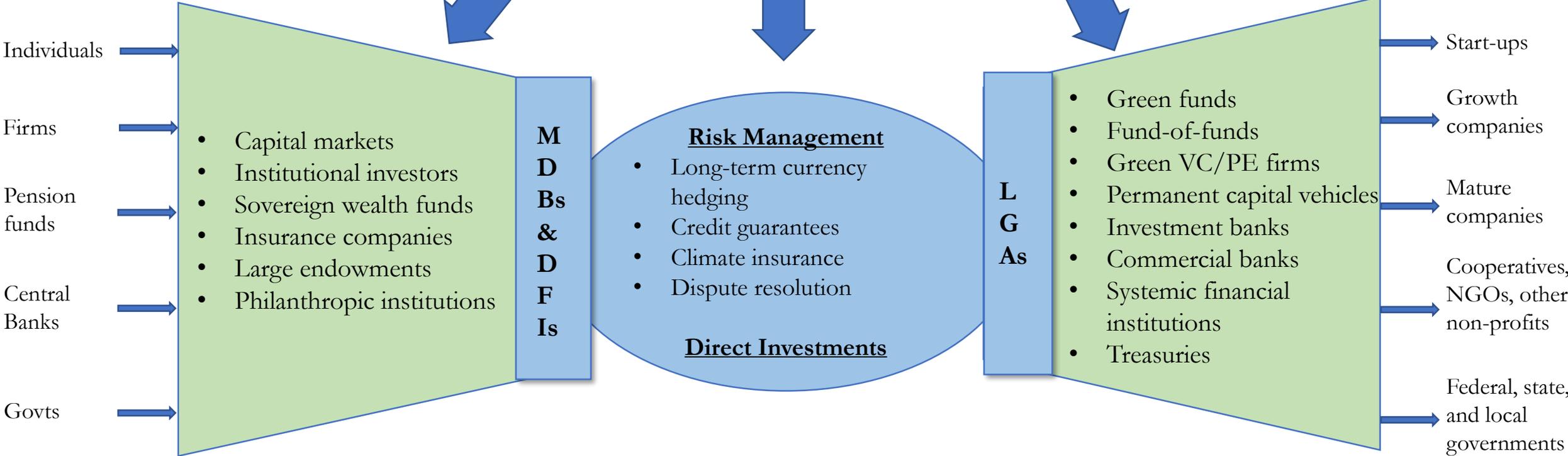
Proposed CBDR-Based Global Climate Alliance Framework



* Developing countries in Group B will also be entitled to the same financial flows as Group A developing countries/LDCs

GCA to Help Build Climate Financing System

Dedicated Climate Funding Mechanism – SDRs, ODAs, etc.



Global Standards & Sectoral Alignment

GCA Must Deliver Trillions of Dollars to Global South

Adaptation & Resilience

**Just Energy
Transition
Programs (\$25-50
billion per year)**

**Loss & Damage
(\$10-20 billion
annually)**

**Climate
Innovation Fund
(\$5-10 billion per
year)**

Mitigation

**Currency
Hedging Facility
(\$200 billion)**

**Credit Guarantee
Program (\$10-15
billion annually)**

**Climate Fund-of-
Funds (\$3-5
billion per year)**

Blended finance catalyzing trillions of dollars of private financing

Net Zero is Net Positive for All!

- **Much higher GDP growth and job creation**
- Air pollution reduced dramatically **improving public health**
- **Energy security**
- **Massive green start-up ecosystem**
- **Stronger financial system** with higher investment rates – closer cooperation with global North financial institutions
- **Survival** for small island developing states!



- Less risk to existing climate patterns
- Fewer extreme weather events
- **Higher likelihood of attaining 1.5 degrees**
- **Reduced risk of climate tipping points**
- **Protection of ecosystems and bio diversity** e.g., coral reefs
- Fewer geoengineering and other radical measures required

- **Higher GDP growth and job creation**
- **More profits for Global North companies**
- **Steady long-term returns for investors**
- **Energy security**
- **Modest budgetary support**
- **Increased global competitiveness**
- **Enhanced innovation capabilities**

Climate Financing System will Benefit Global North

\$ trillions to be invested per year through market-driven approach and facilitated by MDBs

Massive benefits accrue for Global North companies and investors

- Profitable, steady investments which provide returns to institutional investors and companies
- Most VC/PE funds are based in the North and generate returns for their LPs
- Green technologies deployed by Global North companies in the Global South will create jobs and tax receipts in the North
- Guarantees, currency hedging, insurance all protect Global North capital
- World-leading green industries will enhance global competitiveness

Illustrative Global South investment areas

- Renewable energy systems
- Electric mobility
- Green Hydrogen for steel, long-distance transportation, etc
- Precision agriculture
- And many others

Introducing the Climate Alliance into the 2023 G20 Process

Step 1: Climate Alliance Process Integrated

- Agree on combining efforts on Climate Club and Global Climate Alliance with India and Germany sponsorship
- Identify Working Groups within existing G20 arrangements
- Finalize overall work program
- Include top experts from and place in Working Groups

Step 2: Working Group Consultations

- Evaluate transformation pathways and policies for sectors e.g., Steel
- Integrate JETPs
- Reconcile economy-wide green taxonomy and disclosure standards
- Define appropriate financial instruments such as fund-of-funds for each sector
- Formulate appropriate role for MDBs/DFIs

Step 3: Viable Proposal Prepared

- Establish decarbonization targets for sectors
- Calculate and secure appropriate funding for sectoral transformation
- Promulgate standardized regulations and policies
- Launch new instruments such as swaps, funds, guarantees, etc.
- Commit sufficient funds for MDBs/DFIs

Steel, Automotive, and few other sectors as lead participants

Major Potential Milestones in 2023 G20 Process

