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Webinar on

Mobilising Green Finance for Industry Transition

Date: October 12th, 2020 | 16.00 - 17.30 hours (IST)

While the transitioning of the electricity sector to a lower carbon pathway has been successful to varying degrees across the globe, a sector where progress on green transition is lagging, relative to the requirements for combatting climate change, is heavy industry. This is a major challenge, as these industries are the growth drivers for a growing economy like India, but, they are also amongst the highest emitters of CO₂ and are capital intensive with long lifetimes, making it vital to urgently take measures to transition them to low carbon pathways.¹ However, transitioning the heavy industries to low carbon pathways has not been a focus area for green finance in most developing economies. According to a recent study, in 2017 and 2018, 80% of green finance in India was targeted at the power generation sector, with the other major recipients being mass rapid transit systems under sustainable transport and energy efficiency for power transmission.²

TERI has been focusing on understanding the challenges and requirement for transitioning heavy industries to lower carbon pathways. A recent study, supported by the German government's International Climate Initiative (IKI), was conducted with an aim of identifying the regulatory, capacity and market gaps existing for transitioning the Indian steel and cement industries to a low carbon pathway, and the impact this has on the availability of green finance for these industries.

The report identifies three broad categories of inter-linked barriers faced by the heavy industry, particularly the steel and cement sectors – demand-side, supply-side and finance-side. At the core is the issue of the existing policy and regulatory framework not giving clear directives for a green transition of heavy industries in India and lacking the measures required to support them in undertaking such actions.³ This results in a clearly evident lack of demand for green products and the lack of a well-developed market for the same, which in turn leads to supply-side barriers, as the industries are unable to undertake such operations due to the high production costs, resulting in a limited scale of green production processes and operations, which further weakens the business case for these. This weak ecosystem for green products creates finance-side barriers pertaining to the limited capacity of financiers to finance the higher-cost green transition of *hard-to-abate* sectors.

In order to break this vicious cycle, there is a need to strengthen the policy framework for greening heavy industries and ensuring its effective implementation in a manner that does not obstruct their growth by making them uncompetitive. There is a role that carbon markets and climate finance mechanisms can play to address this challenge, and this is already taking place in some parts of the world, notably the EU.

In our discussion we will be focusing on understanding the barriers to accessing green finance from the Indian steel industry perspective, and exploring how these differ from the challenges faced by the industries in developed economies. We will then deliberate on measures to address these barriers, specifically exploring the relevant market mechanisms that can be deployed to mobilise domestic and international climate finance for driving a much needed green industry transition.

¹ TERI (2019). Decarbonisation of Indian industry: Transitioning to a cleaner economy.

² Climate Policy Initiative (2020). Landscape of Green Finance in India

³ TERI (2020). Transitioning Steel and Cement Industries to Low-Carbon Pathways.



<i>Tentative Agenda</i>	
16.00 – 16.05	Welcome Address
16.05 – 16.20	Context Setting Presentation by TERI
16.20 – 16.30	Introduction and Opening Remarks by Dr Ajay Mathur, Director General, TERI
16.30 – 17.15	Panel Discussion moderated by Dr Mathur: <ul style="list-style-type: none">i. Prof Karsten Neuhoff, Head - Department of Climate Policy, DIW Berlinii. Ms Madhulika Sharma, Chief of Corporate Sustainability, Tata Steeliii. Mr Prabodha Acharya, Chief Sustainability Officer, JSW Steeliv. Mr Hari Gadde, Sr. Climate Change Specialist, Carbon Markets and Innovation, World Bankv. Ms Namita Vikas, Founder and Managing Partner, auctusESG LLPvi. Mr Will Hall, Associate Fellow, TERI
17.15 – 17.30	Q&A