

Given India's size (with regard to both its energy consumption, production and GHG emissions), the European Union has a clear own interest to cooperate with the country to help diversify the energy production source and address global challenges. Also, with the EU's REPowerEU programme, and for India, having declared that it wants to be energy independent in 2047, it is important to increase cooperation on energy security, both blocks being large importers of fossil fuels.

Sustainable Finance: There have been several initiatives undertaken by key Indian stakeholders during the last few years to mobilise sustainable finance in India. These include issuance of a Sovereign Green Bonds Framework by the Department of Economic Affairs (DEA), development of a Green Deposits Framework by the Reserve Bank of India (RBI) as well as the government's announcement to promote thematic funds (including municipal bonds) for blended finance for areas such as climate action. As part of the Sustainable Finance Collaborative launched by the Ministry of Finance, Department of Economic Affairs, in August 2020, UNDP has been regularly engaging with key stakeholders as the Secretariat of the national Taskforce on Sustainable Finance. They confirm that despite growing interest in innovative finance instruments, many investors have cited the challenge of having a limited pipeline of quality sustainable finance projects. At the ground level, the market for such financial instruments is fragmented with actions structured at an individual level that require high cost of structuring and lack scalability. Hence the proposed Action to support a dedicated design funding window, which would build and aggregate viable pipeline of investment projects. This includes technical assistance support for feasibility and proof of concepts for instruments, as targeted capacity building sessions, and development of knowledge products, to facilitate the uptake of innovative financial instruments for government aligned climate objectives.

In December 2021, Agence Française de Développement (AFD) partnered with the Small Industries Development Bank of India (SIDBI) and Shakti Sustainable Energy Foundation (SSEF), to create the Green Indian Financial Systems (GIFS) initiative. By gathering a community of like-minded finance practitioners composed of banks and financial institutions from India and Europe, the GIFS initiative first aimed at widening and shaping their discourse around greening the financial ecosystem, and supporting its operationalisation through the Indian financial sector. This initiative has been received well by the Indian banks which have requested dedicated technical assistance for their banks to work on pipeline projects to be supported. AFD has been inviting like-minded partners for scaling up and expanding this initiative, also with a special focus on promoting women participation in the financial sector. Also, the EU funded project "*Accelerating Climate-Smart and Inclusive Infrastructure in South Asia (ACSIIS)*", implemented by IFC (ACA/2021/424-917), has confirmed that India has enormous untapped opportunities in climate-smart and inclusive infrastructure investment. Applying both climate and inclusive lenses to infrastructure investments – including a focus on gender and sound Environmental Social and Governance (ESG) practices - is the basis to deliver green, resilient, and inclusive development outcomes.

Agro-ecology for resilient and competitive food-systems: This builds on India's National Missions for Natural Farming and LiFe initiative, as well as prior experiences and EU or Member States' sponsored initiatives of UNEP, UNDP, CIFOR-ICRAF, Development Alternative, KfW, AFD and IFAD.

The proposed Action aims to start the agro-ecologic transition in a few (3-5) of representative "lighthouse" districts (out of the 33 districts in Rajasthan). In the medium term there is an evident need and scope for scaling up the successful pilot actions of development partners in the agro-ecology sector, most significantly building on the past and ongoing projects of AFD, UNEP/UNDP, WB and KfW, among others who are already active in this sector. The impact of the successful pilots has so far been limited to a few districts in India, hence leaving most states neglected, which may nonetheless have similar or better potential for mobilising local communities to restore farm lands using climate-friendly and sustainable practices. Building upon the successful precedent in Andhra Pradesh²², the EU will disseminate these findings, help reach out to additional districts and state(s) through focussed activities to detect and address the bottle-necks (financial, institutional, technical, economic, or even cultural) for marketing products and a risk/return analysis consistent with the needs and appraisal practices of large International Financial Institutions (IFIs), or private interests, that is intended to help scaling up this approach through results based finance, for instance at state level in a 3-5 years horizon, based on additional finance opportunities anticipated in the Global Gateway context (in a Team Europe approach).

²² Agroecology in Andhra Pradesh, India: Unveiling Hidden Costs and Benefits through True Cost Accounting
<https://futureoffood.org/insights/agroecology-in-andhra-pradesh-india/>