

India and Paris

A Pragmatic Way Forward

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The Paris Agreement: A Game Changer

The Paris Agreement was a game changer on many fronts. It signalled the objective of the global community to keep global temperature increase to below 2°C; introduced a bottom-up approach to emissions reductions in a multilateral format; accepted the principle of progressive, enhanced ambition by countries in order to meet the global objective; and brought to the fore the need for transparency in actions by all countries bound by a common rulebook. Notably, the pledges that are made by countries are not legally binding in an international context.

These are a remarkable set of accomplishments in a world where the remaining carbon budget is limited, and the allocation of which has been directly or indirectly at the heart of carbon negotiations for the last two decades. From the point of view of India, and other developing countries, all facing the challenge of providing access to electricity and clean cooking fuels to large numbers of people with

limited ability to pay for them, limiting carbon emissions was always possible if adequate international finance and transfer of zero-carbon energy technologies was available.

It has also been the position of India and other countries of the G77 and China group that the developed countries, which contributed to the creation of the large stock of carbon dioxide (CO₂) in the global environment, had the responsibility to provide this finance and technology to the developing countries which still have to enhance their energy use (and emissions), as a necessary prerequisite for enhancing the quality of life of their citizens. In the negotiations (and contrary to the text of the United Nations Framework Convention on Climate Change [UNFCCC]), the developed countries have strenuously objected to their 'responsibility' to provide the required finance and technology to developing countries.

However, this started changing at the 13th Conference of the Parties (COP 13) in Bali in 2007, where India, on behalf of G77 and China, prevailed in ensuring that the road map for long-term cooperative action stated that mitigation action by developing countries must be accompanied by technological, financial, and capacity-building support, subject to being measurable, reportable, and verifiable. This was a significant step forward for India and the G77/China, as well as for developed countries, inasmuch as it laid out a framework for mitigation actions by all countries. At Bali, another significant step forward for India and G77/China, with Indian and Chinese leadership, was the agreement on the creation of the Adaptation Fund, a mechanism that had been unresolved for many years.

The confidence and leadership that India displayed at Bali was, in a large sense, based on domestic actions during the past year, which included the designation of Shyam Saran as prime minister's special envoy on climate change, the creation of the Prime Minister's Council on Climate Change, and the preparation and release of the National Action Plan on Climate Change (NAPCC) which initiated eight missions linking climate and development objectives. This was the first time in India that the prime minister and the Prime Minister's Office provided direct leadership to the climate change agenda, and created a broad-based structure to enable climate issues to be mainstreamed in the work of the ministries where mitigation or adaptation actions were needed to address climate change.

The inter-ministerial discussions in India also provided additional urgency for India to insist that the Bali road map not be confined only to mitigation, but also include three more pillars of adaptation, technology, and finance.

This agenda continued to guide India, and by COP 17 in Durban in 2011, apart from the Adaptation Fund created at Bali, the Green Climate Fund (GCF) and the Technology Mechanism, including the Climate Technology Centre and Network, were created.

However, an agreement on mitigation kept eluding the parties to the UNFCCC. Quite significantly for India, the Bali agreement on the principles of developing country engagement could not be converted into a negotiated agreement; instead, at COP 15 in Copenhagen in 2009, an agreement was reached between leaders (initially between the leaders of the United States [US] and the BASIC [Brazil, South Africa, India, and China] countries, which later went on to include European Union [EU] leaders as well). The agreement could not be adopted by the COP, which viewed it as an extraneous text as it was not based on any draft developed by it. Instead, the COP only noted the agreement.

In hindsight, the Copenhagen COP revealed several tectonic changes that were occurring in the dynamics of global action to address climate change. The first was the centrality of the BASIC countries to the process. The second was the importance of ensuring that the COP 'owned' the process through which agreements and decisions were reached. The third, and perhaps the most important, was the evolving understanding that a Kyoto Protocol-type top-down emissions reduction agreement was no longer possible. However, it was several years before each of these was recognized. Indeed, probably and somewhat paradoxically, it was clear to all parties only by COP 17, held in Durban in December 2011, that the creation of certain bodies—such as the GCF and the Technology Mechanism—alone could not move the agenda to address climate change any further. While India vigorously continued to insist that the provision of technology and finance were key to its accelerated actions to address climate change, in private it was agreed that it was difficult to foresee a future in which these transfers would actually occur at scale. Consequently, the intellectual environment was ripe to absorb alternate approaches to the global issue.

The Evolution of India's Expectations in the Negotiations

India had long maintained that energy efficiency, promotion of renewables, and appropriate forestry actions—all of which were globally seen as the main climate change mitigation actions—were important for its own development, and for non-climate reasons. Consequently, in each of these sectors, strong government policy was progressively adopted, at least since the mid-1990s, including parliamentary enactments, creation of ministries and agencies, and dedicated budget lines for these activities. Much of the early action in these sectors was driven by subsidies provided by the Government of India as the high cost of renewable energy and energy-efficient technologies was observed to be a major barrier to their large-scale adoption, and consequently international grants which brought down the prices of renewables and energy-efficient technologies were seen as being crucial to further their accelerated adoption.

However, in the years between 2012 and 2015, business models and action frameworks changed as India moved away from the subsidy-based approach. In two areas, namely, light-emitting diode (LED) bulbs and photovoltaics (PV)-based solar electricity, India experimented with a new business model based on demand aggregation coupled with successive rounds of competitive bulk procurement.¹ In both cases, the results were clear early in the process: India's large and expanding market was able to effectively absorb the new technologies and their initially high prices, while simultaneously prices decreased as volumes increased. This learning led to a feeling—unevenly spread across various stakeholders—that the large amount of energy generation and energy-efficient infrastructure (and forest plantations) that were yet to be put in place presented a huge opportunity for the increased adoption, and simultaneous price reduction, of low- and zero-carbon options that were, in any case, desirable for a range of development goals.

It also led to ambitious upscaling of domestic renewable energy and energy-efficiency targets, and through tortuous domestic

¹ 'India's LED Lighting Story', 14 November 2017. Available at <https://cprindia.org/news/6527>.

discussions, to the possibility of ambitious climate pledges. The successes, especially in PV-based solar electricity sector, also suggested that the Indian business model (of demand aggregation and bulk procurement) could be of benefit to other countries, especially developing countries.

In the context of climate pledges by several countries, India had already, in 2010, pledged to reduce the carbon intensity of its economy by 20–5 per cent in 2020 compared to that of 2005.² Through this pledge, India signalled its willingness to focus on enhancing the carbon use efficiency of its economy, if not in reducing the absolute level of its carbon emissions.

By the time the concept of Intended Nationally Determined Contributions (INDCs) was agreed to in the Warsaw COP of 2013, it was clear that the Indian INDC would also be framed in terms of carbon intensity reduction. The increasing emphasis on the growth of renewable energy also pushed in the same direction. As a result, when India submitted its INDC on 2 October 2015, prior to the Paris negotiations, it had eight pledges, three of which (focusing on carbon intensity reduction, enhancement of the share of non-fossil fuel in electricity generation, and increase in the carbon sink due to afforestation and tree cover) were quantified, largely due to the successes of the domestic initiatives in renewables, energy efficiency, and forestry, the three missions of the 2007 NAPCC which had started seeing success by 2015.

Thus, three thought processes and learnings came together in the 2012–15 time frame: (i) the crystallization of the thought that action was needed by all countries, including India (largely because it was seen that significant climate-related domestic action, with very strong development benefits, was possible at a low incremental cost that India could absorb because of the development gains); (ii) India could contribute by lowering its carbon intensity (though not by reducing its absolute carbon emissions); and (iii) there were opportunities to use the size of the Indian market to enhance the rate of

² Letter from the joint secretary, Ministry of Environment and Forests, Government of India, dated 30 January 2010. Available at https://unfccc.int/files/meetings/cop_15/copenhagen_accord/application/pdf/india-phaccord_app2.pdf.

adoption and simultaneously enable price reduction of low-carbon technologies as well to strengthen markets for these technologies in other developing countries. These led India to believe that a universal agreement to which it agreed would have to be based on self-prepared pledges by individual countries.

The Paris Negotiations

At Paris, India was therefore ready to move towards an agreement based on pledges by countries. However, assessments carried out just prior to the Paris negotiations indicated that the INDCs of all countries put together would lead to a global temperature rise of 2.7°C–3.4°C.³ This was at odds with the thinking that the temperature rise should be less than 2°C, with the Small Island Developing States advocating that the global temperature rise should be less than 1.5°C. This obviously implied that the INDCs were collectively inadequate and had to be revised at some point and made more stringent.

At the same time, as the Paris negotiations began, India was bombarded with negative publicity as it was being portrayed as a major user of coal who would continue to use coal despite climate change concerns. It was also portrayed as a major roadblock in the negotiations. At Paris, therefore, India adopted a two-pronged approach: one was to work with other countries to develop an agreement within which self-prepared Nationally Determined Contributions (NDCs) could progressively be made more stringent without infringing on national sovereignty; and the second was to showcase the growing share of renewables and energy-efficient technologies in India's energy mix. By the end of the first week of negotiations, a broad agreement on a long-term path had been developed, involving cycles of NDCs, punctuated by global stocktakes, which would inform the global community about the stringency needs for the next cycle of NDCs. Additionally, most of the criticism of India's continued coal use had abated as information about the increasing

³ See 'Fair Shares: A Civil Society Equity Review of INDCs', *Civil Society Review Report*, November 2015. Available at https://civilsocietyreview.org/wp-content/uploads/2015/11/CSO_FullReport.pdf.

share of renewables and energy efficiency, and of the ambitious targets, became clear.

The final key negotiations at Paris related to transparency measures and global objective. The transparency measures were seen as 'confidence-building measures' through which all countries would periodically declare their progress with respect to their NDCs. Most importantly, it was agreed that these declarations would be based on pre-agreed guidelines; the rulebook for which was to be agreed upon by the parties. Finally, the contentious issue of the global objective was agreed to, though with a degree of ambiguity. It was agreed that the global temperature rise would be much lesser than 2°C and towards 1.5°C.⁴ Whilst ambiguous on the debate between 1.5°C and 2°C, the agreement that the temperature rise should be limited to less than 2°C was broadly (and possibly universally) accepted.

Paris Agreement as a Paradigm Change

The Paris process reflects paradigm changes at several levels in India.

The first has been in terms of mainstreaming climate actions in the development agenda and frameworks. The NDCs have provided a basis for this mainstreaming, which is now being incorporated both in government plans as well as in corporate investment decisions.

The second has been India's diplomatic positioning. Apart from the negotiating approach, Paris also provided India with an opportunity to showcase a new diplomatic configuration, reflective of the new reality in which it is a stakeholder both in the traditional developing world, the G77, and in the large economies, the G20. The International Solar Alliance (ISA), launched at Paris together with France, has not only sought out developing countries (located between the Tropic of Cancer and the Tropic of Capricorn) as its primary members and beneficiaries of a common solar future, but has also sought the developed countries as partners to help achieve the ISA goals. The Indian diplomatic efforts in reaching out to

⁴ Paris Agreement, UNFCCC. 2015. Available at https://unfccc.int/sites/default/files/english_paris_agreement.pdf.

developing countries, in particular, in order to convince them to join the ISA reflect the new geopolitical reality of India straddling the G77 and G20 blocs, as well as its stature in enabling the formation of a new intergovernmental organization.

The third has been that the agreements at Paris have provided India (and the world) with a pragmatic way of moving ahead. In the first instance, all countries pledge what they can do. It is commonly believed that almost all countries (including those who have subsequently declared their intention to step out of the Paris Agreement) would meet their pledges because these have created a political, economic, and technological momentum for action. Also, countries, like individuals, are likely to fulfil the pledges that they have made on their own accord. Consequently, as countries achieve the pledges that they have made in their first NDCs, they will gain the confidence of achieving their goals, and therefore be confident of achieving even more in the next cycle of NDC pledges. Through their actions and the declarations of their progress, countries also enable other countries to trust them to achieve their pledges. This global virtuous cycle of trust and confidence—which seems to be surviving the US move to distance itself from the Paris Agreement—is probably the greatest achievement enabled by the Paris Agreement.