Accounting for climate finance



JYOTI PARIKH & KIRIT PARIKH

The climate negotiations meeting of Conference of Parties signatory to the Baku. convention. COP29. at Azerbaijan, where most nations of the world have gathered currently, shall deal with various concerns relating to climate change. This year will mark 15 years from the COP 2009 in Denmark, which set the target of \$100 billion of climate finance per year by 2020, extended to 2025. It is an issue that is ready for substantial discussion on upgrades because the need for climate finance for renewables, disaster mitigation, climate health, and restructuring infrastructure has grown by leaps and bounds. The calls for adequate finance and corresponding financial mechanisms for serious climate action are getting louder and more urgent. Unfortunately, those who have made substantial emissions, in per capita terms, by current total emissions as well as accumulated historically, refuse to own up the responsibilities. India's per capita CO2 emissions in 2021 were around 1.5 tonnes, the USA's around 13.5 tonnes, China's at 7.5 tonnes, with the world average of 4.2 tonnes. Even in cumulative emissions, which cause global warming. India's share is much below that of China, the USA, and Western Europe.

India is a major country, which has made serious commitments for strong climate action that needs finance and technology. India needs to take a measured position as an important and leading member of various groups - G20, G77 (Developing countries group), Brics, etc. Despite being the third largest emitter, India's position among per capita CO2 emissions and cumulated historical emissions is still among the lowest in the world. The per capita emissions issue is important climate indicator in terms of inequity and socioeconomic justice. However, what matters in scientific terms is the cumulative emissions since 1850, in principle, but at the minimum from 1990 onwards, the reference date for the Rio convention after which no nation country could claim ignorance about the threat to climate.

India is decarbonising even in its growth phase and setting up a pathway for economic growth, after the onset of climate concerns and shall not load the planet during its growth process as compared to the developed countries before 1990 and China after 2000 and till now. They are now decarbonising much too slowly and continue to load today. India has added a considerable share of renewable energy (RE) power capacity after 2015. The challenges of meeting 24-hour electricity supply with intermittent and unpredictable natural and renewable sources like solar, wind, and hydropower are many, e.g. with cli-

% SHARE IN GLOBAL CUMULATIVE EMISSIONS FROM 1990-2021

China	20.7
USA	17.0
W Europe	9.5
India	4.5
Brazil	4.1
Russia	3.9
Japan	3.8

mate finance to support infrastructure such as much higher and diverse transmission capacity, and storage capacity to ensure 24-hour electricity India can avoid CO2 emissions during its growth phase.

However, for enhancing climate financing pledges, it is necessary to suggest some accounting framework. It is important to track nationally allocated climate finance that goes into investment for climate mitigation such as subsidies for renewable energy, electric vehicles etc and associated expenditure systems (e.g. we provide free transmission for renewables), providing huge support for national schemes with incentives such as subsidies, for the Kusum scheme for agriculture pumps, Surya Ghar, for residential sector, or green hydrogen, etc. nationally or through states. Moreover, India spends increasingly larger resources for climate

adaptation, disaster management, crop insurance etc. Higher investment is needed for all infrastructures ranging from roads, bridges, dams, power infrastructure to be climate resilient to follow more stringent norms for safety. It is necessary to start building a parallel accounting system to record climate expenditures, investment and loss and damage that claim financial resources. The ministries of finance, statistics, renewable energy and disaster management authorities can come up with a rough system that records expenditures and investment going regularly for climate mitigation, or for sporadic losses and damages due to climate change, or expenses or investment for restoration, adaptation and resilience. They need to be aggregated, though may be incurred by the central, state, and local bodies regularly, such as nodal agencies for renewable energy or disaster management agencies. These need to be attributed carefully to climate change. Even the private sector, and citizens spend and invest for health impact. climate risk reduction or for energy efficiency or renewables. Gradually, the climate change is influencing a large part of the economy. A team of experts could be appointed and projects can be awarded to prepare modules of a larger system. At modest expense the case for climate finance can be more convincing and our own understanding clearer about the financial implications of climate change

India's strong data system can also speak for other nations who have less means and capabilities - financial or intellectual to record them and understand the macroeconomic, monetary and financial aspects. The expenditures and investments to deal with climate change need to be understood by all and that calls for expertise that India has for climate research. They are growing to claim substantial share of the GDP. Such a system can dispel the myth that India, being a large polluter, does not need climate finance. India is more likely to come up with cheaper and appropriate climate solutions needed for other developing countries being in the similar climate zones and income levels such as, solar pumping, cooking, agri-voltaic devices for farming, cooling and many others. It may show that the climate impact is high for those who have added less emissions but suffer disproportionately more and the developed countries and China need to do burden sharing.

Professors Jyoti Parikh and Kirit Parikh are leading thinkers in the areas of energy and climate change from Integrated Research and Action for Development(IRADe), New Delhi





