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Accelerated action and transformative pathways: realizing the decade of action and delivery for sustainable development

Session: *Responding to the economic shock, relaunching growth and sharing economic benefits and addressing developing countries' financing challenges*, 8 July 2020

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Thank you, Your Excellencies!

Good evening from India and good day to everyone!

Hon'ble Chair, H. E. Ambassador Mher Margaryan, Vice President of ECOSOC, and Respected Moderator, Mr. Mahmoud Mohieldin, Special Envoy on Financing the 2030 Agenda for Sustainable Development, thank you for inviting me to depose before this important forum.

I come from a country, which has gone through the most stringent lockdown in the world. Millions have lost their jobs, even as the government has announced an economic package of 10% of GDP. Across the world, millions have been rendered without work and stare into an uncertain future.

The real question before us is what kind of recovery will we have. **We must ensure that even as we address the urgency of the acute crisis of the pandemic, we should not lose sight of the importance of the chronic crisis that climate change and planetary-scale shocks present.**

We need a new social contract, a covenant between the state, the citizen, enterprise and the international community, which would rest on two pillars: Building resilience against tail-end risks, which have low probability but devastating impacts; and a commitment to jobs, growth and sustainability.

I elaborate on three reasons why: Risk, resilience, and rejuvenation.

Risk. Our hubris is no shield against planetary risks. Masters of the planet we might have become — but vulnerable we remain. Despite a global lockdown, greenhouse gas emissions will barely fall as much as is needed annually to keep the world within 1.5C of warming above pre-industrial levels. The climate crisis is already having devastating impacts in terms of rising frequency and intensity of extreme weather events, heat stress, water stress, fall in agricultural yields, and destruction of infrastructure[2].

Resilience. Our national and international governance systems are not resilient enough to handle crises at this scale. Nationally, governance capacity is stretched to breaking point. Internationally, we have fallen into insular, isolationist approaches, exactly when cooperation is needed against catastrophic events.

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[2] Ghosh, Arunabha. 2020. "India needs a plan for extreme weather caused by climate change," *Nikkei Asian Review*, 27 June. https://asia.nikkei.com/Opinion/India-needs-a-plan-for-extreme-weather-caused-by-climate-change

Rejuvenation of the economy rests on the green economy. Infrastructure investment is down, household demand is depressed and government spending is constrained by fiscal limits. We must turn to untapped opportunities, which make economic sense but have not been exploited to their full potential — or at all.

So what should we do? I offer three proposals.

First, **strengthen multilateralism for chronic risks**[3]. The international community should build come together to forge an insurance cushion against climate risks. Globally, weather-related insurance losses — $55 billion annually — have increased five times since the 1980s. A ***Global Risk Pooling Reserve Fund*** would combine environmental and health risks across countries to spread them and ensure a payout when climate disasters strike.

Different countries face different kinds of climate risks. In some places there could be coastal storm surges; in others there would be heat stress and drought. Elsewhere, communities might be more exposed to agricultural losses or new infectious diseases. By pooling risks, the peaks of risk curves could be lowered for individual countries.

The nominal capitalization of the reserve fund could be based on a voluntary allocation of a share of a country's Special Drawing Rights (SDRs) in the International Monetary Fund. The insured risks could be passed through private reinsurers or to multilateral development banks and national development finance institutions. This could also reduce the cost of finance for sustainable infrastructure projects, such as clean energy, electric mobility, and sustainable agriculture.

Secondly, a ***Climate Risk Atlas for Developing Countries*** should become a priority. We need such high-resolution atlases to focus on the critical vulnerabilities — coasts, urban heat stress, water stress, crop loss, and biodiversity collapse — with attention to the communities that are most at risk.

The inputs to design such an atlas would come from the United Nations Framework Convention on Climate Change (UNFCCC), but also from the United Nations Convention on Biological Diversity (UNCBD), the United Nations Convention to Combat Desertification (UNCCD), the United Nations (UNDP,) and the United Nations Environment Programme (UNEP), among others, in order to ensure a functional division of labour that facilitates institutional coordination.

These would then be linked to disaster risk reduction plans under national and provincial disaster management authorities and, at an international level, with the Sendai Framework for Disaster Risk Reduction and the recently announced Coalition for Disaster Resilient Infrastructure.

Thirdly, **create jobs in the green economy**[4]. A different world is possible. It would need us to build resilient infrastructure. Fiscal and monetary stimuli can promote green entrepreneurship (in sustainable agriculture or distributed clean energy or energy-efficient industries or sustainable mobility solutions). This different world would fix distorted subsidies and value ecosystem services in a manner that state support goes to the most vulnerable, rather than the privileged, and so that our

[3] Ghosh, Arunabha. 2020. "Multilateralism for Chronic Risks," *UN75 Global Governance Innovation Perspectives*, June. Washington, D.C.: Stimson Center; Doha Forum; Council on Energy, Environment and Water. https://www.stimson.org/2020/multilateralism-for-chronic-risks/

[4] Ghosh, Arunabha, Shuva Raha et al. 2020. *Jobs, Growth and Sustainability: A New Social Contract for India's Recovery*. New Delhi: Council on Energy, Environment and Water. https://www.ceew.in/publications/jobs-growth-and-sustainability

consumption choices account for our footprints on the natural environment. These interventions could also create new jobs, in the millions.

In my own country, India, millions of jobs can be created in the green economy — with billions of dollars in new investment, alongside savings in foreign exchange or to the exchequer. Here are some examples of the potential for jobs, growth and sustainability in India:

- **USD 11 billion:** Annual investment in India's renewable energy infrastructure over past three years
- **USD 6 billion:** Reduction in annual oil import bill by 2030 if 30 per cent of car sales were of electric cars
- **USD 1 billion:** Possible forex savings per year if half the required solar modules (of 10 GW per year) were made in India
- **USD 1.6-2.4 billion:** Potential savings from decommissioning thermal power plants aged over 25 years by 2024
- **USD 10 billion:** Estimated bond market flows through a credit enhancement subsidy of USD 611 million over 5 years to renewables
- **USD 25 billion:** Potential additional GDP from multiplier effect of enhanced credit in infrastructure
- **1.3 million:** Direct full-time equivalent jobs if India achieves 160 GW of solar and wind capacity by 2022
- **530,000:** Potential new jobs if India supports another 130 GW of wind and 200 GW of solar by 2030
- **110,000:** Skilled and unskilled jobs created by 20 GW of small- and large-scale micro-grids
- **50,000:** Potential skilled and unskilled jobs created by 4 GW of rooftop solar
- **67,000:** More meter readers needed for timely billing of agricultural and household consumers
- **50,000:** Potential new jobs by 2025 by accelerated expansion of India's city gas distribution network
- **2 million:** air-conditioning servicing jobs (with low-global warming potential refrigerants in 2037, up 10x from a base of 200,000 in 2017
- **1.9 million**: Potential jobs in the green hydrogen supply chain for heavy industry by 2050
- **4,650 MtCO2-eq:** Reduced emissions during 2020-30 if India achieved 28 per cent power generation from solar and wind by 2030
- **1,363 MtCO2-eq:** Reduced household emissions during 2020-30 given a switch from liquified petroleum gas to piped natural gas in a shorter five-year timeframe

Will these transitions be easy? No. We all have alter egos: Will citizens, who want clean air, rationalise a race to the bottom for environmental standards when they return to work as economic agents? The design of policies would vary by country as each taps opportunities suited to its conditions. But the possibilities are there for us to choose.

I want to end by saying that **imagination cannot be locked down.** The times might seem surreal, but we are also fortunate to be present at the creation of a new world. Our responses will be tempered by policy, technology, finance and behaviour. What shape the new world takes, however, can be liberated by our imaginations.

Thank you, again, for your attention.