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EDITORIAL

CLIMATE FINANCE

Climate Change is one of the most difficult challenges, facing the world today and its resolution requires concerted global action, by countries, across the world. The 2015 Paris Agreement was an effort in this direction. 195 countries committed themselves, to drastically reducing their greenhouse emissions and protecting their people from the negative impacts of climate change. Significant investments would be required to meet these ambitious goals and policies need to be backed by financial commitments, if countries are to “reduce their emissions, decarbonize their economies, and adapt to the impacts of climate change”.

Climate Finance has to be a key element of action against climate change. Climate Finance includes climate related financial flows, both within and between countries, dedicated to climate related mitigation and adaptation. Climate Finance in India comes from multiple international (multilateral and bilateral aid agencies, and multinational private firms) and national (domestic budgets and private funds) sources. These funds flow either through the Government budgets at the national and subnational level to be managed by the Government departments and agencies or take “off budget” routes or can even be in form of direct project funding, to be managed by the private players and non-government organizations, at the project level. The funds are to be in the form of budgetary allocations, taxes, subsidies, generation based incentives, private equity, loans, soft-loans and grants.

There are many sources of climate finance in India but the biggest portion of climate related funding comes from the domestic budget. International and private climate financing sources, would play an important role in the future, but now they do not play a very significant role at present. India requires significant financial assistance to manage the trade-offs between economic growth (required for poverty alleviation and employment generation) and reduction of greenhouse gas emissions (required to curb climate change). The Economic Survey of India (2015) has argued that at least US$ 2.5 trillion would be required for meeting India's climate change targets, between now and 2030. Therefore, international climate finance is necessary to meet the difference over what could be made available from domestic sources.

It is important not only to mobilize climate finance but also to build robust, transparent and accountable public finance system, to ensure that funds both domestic and international, are used more effectively and efficiently. In India, the diversity of climate finance sources makes the public engagement and oversight of the finances, difficult. Climate finance accountability is also challenging because by and large, mitigation and adaptation actions are accomplished through traditional development goals and objectives. It is important to assess the "climate relevance" of development interventions, to assess the financial allocation, made towards climate action.

The Thirty First Issue (Vol.16 No.1) of the SMART Journal of Business Management Studies consists of ten articles, written by authors of repute, on different themes of contemporary relevance. I hope readers would find the Journal academically challenging and strategically stimulating.

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