

## Climate finance at the sub-national level: The case of Odisha

In parallel to the national efforts to address climate change, all Indian States have embarked on a process to individually develop action plans aligned with the National Action Plan on Climate Change (NAPCC) to plan for low carbon and climate resilient development in their respective States. This has assumed the shape of formulation of the State Action Plans on Climate Change (SAPCC). It is clear that meeting the plans requires enormous funds and can be a major stumbling block in realising sub-national climate change goals.

It is extremely important for States to identify various funding sources and start developing strategies to target them based on their State-specific needs at a very early stage. Different sources fund different kinds of activities. While the private sector might be interested in proven technologies and business models, international funds might be available for preparatory and capacity development activities. Central Government funds might be available in certain sectors, but States might need to align their actions more closely with the corresponding national mission catering to that sector. Therefore, the need for financial planning cannot be stressed enough.

The purpose of this study, funded by the Department for International Development, is to develop financing strategies that would assist the Central and State Governments in SAPCC in an effective and efficient manner. There are broadly three different sources of climate finance available to States: public (domestic), private and international public finance. Apart from raising additional funds for climate change, there also needs to be synergies among the various sources and better targeting of both existing and additional funds. Transparency regarding the flow and use of funds will increase coordination and cooperation among different funding sources, as well as better leveraging of scarce financial resources to achieve climate change goals. This report aims to help States and promote their efforts with regards to some of these issues.

This project conducts an in-depth analysis of the proposed climate actions, and gives detailed strategies to fund the SAPCCs. Using Odisha (erstwhile Orissa) as a case study, this report develops some approaches and frameworks that could potentially be applicable to all States in order to analyse their proposed climate change activities and budgets. Although the immediate results and findings are relevant to Odisha, some of the broader strategies and in particular, the approach and analytical frameworks used to arrive at these findings would be applicable to and potentially useful for all Indian states.