



WORLD SUSTAINABLE DEVELOPMENT SUMMIT 2025

PARTNERSHIPS FOR ACCELERATING SUSTAINABLE DEVELOPMENT AND CLIMATE SOLUTIONS

March 5-7, 2025
India Habitat Centre, New Delhi

Transforming Finance for Low-Carbon Transition

5th March 2025 | 11:30 am – 1:00 pm

Venue: Jacaranda 2, India Habitat Centre, New Delhi

Background Note

India is at a pivotal moment in its energy transition, striving towards a sustainable and low-carbon future. This transformation, however, comes with significant financial demands. Achieving India's ambitious renewable energy goals requires massive investments in solar, wind, hydro, and other clean energy technologies, alongside modernizing infrastructure and improving energy efficiency across sectors. In addition, decarbonization of the industry sector is also integral to India's long-term goal of becoming a net-zero economy by 2070. Estimates suggest that India's climate action efforts will require approximately USD 2.5 trillion between 2015 and 2030, equating to around USD 170 billion annually. In recent years, the scale of annual climate finance flows from all sources has been estimated to be only one fourth of this requirement.

Despite this urgent need, international climate finance flows remain grossly inadequate, placing the burden of funding largely on domestic resources. The outcomes of the recently concluded 29th Conference of Parties (CoP29) in Baku, November 2024, have offered little reassurance regarding enhanced financial support for developing countries. The negotiations on the New Collective Quantified Goal (NCQG) on climate finance failed to deliver strong commitments, leaving limited optimism for future support. Furthermore, developed countries have fallen short of their Nationally Determined Contributions (NDCs) by approximately 38%, reflecting neither historical responsibility nor leadership in fulfilling their obligations under the Paris Agreement. This lack of commitment and the insufficient provision of means of implementation will pose additional challenges for developing nations like India in achieving a just and equitable low-carbon transition.

While domestic climate finance plays a crucial role, it remains insufficient to drive the scale of transformation required (CPI, 2020). Additionally, the lack of adequate international financial and technical support continues to be a major barrier for developing and emerging economies. Recognizing this challenge, discussions at both international and national levels have increasingly emphasized the need to mobilize private finance for climate action. Institutionalizing mechanisms to attract and scale up private sector investments is essential for bridging the existing funding gap.



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In India, private finance mobilization, particularly through blended finance, is still in its early stages but holds significant potential. Typically, blended finance achieves a leverage ratio of **1:5**, meaning that limited public finance restricts private capital mobilization. Unlocking private finance at scale would require not only increasing the absolute contribution of public (and equivalent) finance but also improving the leverage ratio. A relook at the financing landscape therefore is necessary.

About the event

As part of its flagship platform, the **World Sustainable Development Summit (WSDS)**, TERI is organizing a panel discussion on **Transforming Finance for the Low-Carbon Transition**. This event aims to convene experts and practitioners to understand the opportunities and hurdles from the perspective of different stakeholders influencing mobilization and allocation of public (and equivalent) and private finance from domestic and international sources. Some of the guiding questions that will steer the discussion include:

- Domestic public finance is limited and has multiple demands on it, putting limitations on the scope of fiscal policy instruments in pushing low carbon transition compared to what is needed. What options do we have for increasing the volume of public (and equivalent) finance availability? Is there scope for increasing the efficiency of public finance use to leverage more private finance?
- The private sector, both the project proponents and the financial institutions, are generally hesitant in investing in low-carbon and climate resilient projects on account of high capital costs, return on investments, policy ambiguity, lack of demand, and so forth. What regulatory and policy instruments can address these concerns?
- Blended finance is an effective instrument for mobilizing private finance. However, over the years the leverage ratio has been more or less stable at 1:5. What can we learn from the projects exclusively financed through private sources, to rethink about blending instruments, and their governance, to increase the leverage ratio? What possibilities are there for supplementing blending instruments with regulatory and policy provisions that can help us achieve this? Is banking sector reform a way forward? What role can RBI as regulator play in this direction?
- In recent years the role of impact investors, philanthropies, and venture capitalists has been demonstrated. How can these actors be integrated better to enhance the climate finance landscape?
- In the context of above questions, what role can international finance play, and how, to enhance public (and equivalent) finance capacity in developing countries? How does the effectiveness and desirability vary with the instrument and channel of international finance flows? What is preferable and pragmatic for India?



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About the World Sustainable Development Summit (WSDS)

The World Sustainable Development Summit (WSDS) is the annual flagship Track II initiative organized by The Energy and Resources Institute (TERI). Instituted in 2001, the Summit series has a legacy of over two decades for making 'sustainable development' a globally shared goal. The only independently convened international Summit on sustainable development and environment, based in the Global South, WSDS strives to provide long-term solutions for the benefit of global communities by assembling the world's most enlightened leaders and thinkers on a single platform. The 24th edition of the annual flagship event of The Energy and Resources Institute (TERI)—the World Sustainable Development Summit (WSDS)—will be held from 5-7 March 2025 in New Delhi. The Summit deliberations will focus on the umbrella theme: Partnerships for Accelerating Sustainable Development and Climate Solutions.