CONCEPT NOTE

Roundtable Discussion:

Understanding the landscape of efforts in climate change mitigation financing for Green Economic Recovery of Odisha

Bhubaneswar

29th November 2022

Background

The COVID-19 pandemic, while showing how nature can regenerate itself in the absence of economic activity and self-heal from the shocks of climate change, has also offered an opportunity to rethink on economic recovery based on the pillars of inclusiveness, sustainability and green actions. In this context, a research study by Centre for Budget and Governance Accountability (CBGA), titled “Building knowledge and capacity for Greening the Economic Recovery in the States”, has focused on the recovery of the State economies in India following the sharp economic downturn caused by the COVID-19 pandemic.

Through a Roundtable discussion on Odisha’s Policy and Budgetary Priorities for Transitioning towards Green Economic Recovery, we wish to deepen the understanding of Odisha’s journey towards "Green Economic Recovery".

Relevance of Greening the Economic Recovery for Odisha

Odisha registered a faster pace of economic growth than the Indian economy during 2017-18 to 2019-20, striving consistently to break away from the conventional image of being an economically weaker state. Despite this, the state continues to be vulnerable to the impact of climate change and a growing population, which threatens to undermine its developmental efforts.

According to the latest Odisha Economic Survey, a shift towards more sustainable development is imperative for the state’s continued economic growth. The state bore the brunt of the COVID-19 pandemic with a negative economic growth rate (-4.9 per cent), or economic shrinking, in the first quarter of the year 2020-21. With an over-stressed economy, state government’s budgetary support declined across sectors including in case of the financing of those sectors with high GHG emission contributions.

Amongst all sectors with GHG emission reduction potential, the energy sector is the key contributor to GHG emissions in Odisha with a contribution of 89 per cent of the state’s total GHG emissions. Although Odisha achieved 21 per cent of the stipulated renewable energy target as per
its RE policy, some of its climate friendly policies could not be realized due to a lack of state finances. Hence, for greening the economic recovery of Odisha, a transition towards clean energy should be a major area of priority, considering that it has the highest potential in mitigating climate change,

To achieve this, the government not only needs to prioritize state financing, but also needs to build a climate budgetary framework to efficiently coordinate its actions by incorporating climate finance into the larger public finance management system. Odisha already delved into this exercise by initiating the process of “Green Budget” since 2020-21, which provides information about the state’s future development plans with climate-oriented outcomes.

**Objective of the Roundtable**

The Roundtable discussion would aim to disseminate the findings from the budget and policy priority analysis of clean energy financing in Odisha. Through CBGA’s research study, several existing climate financing channels have been tracked, options of up-skilling local populace for job employability in the Renewable Energy sector have been suggested and policy inputs for availing the new climate financing mechanisms / opportunities have been made. The Roundtable discussion would also be a platform to deliberate on the Green Budget of Odisha with respect to its alignment towards Greening the state’s Economic Recovery.

**Key Questions for the Discussion**

The Roundtable discussion aims to initiate a dialogue on –

1. How can climate financing get mainstreamed in Odisha’s public financing so as to facilitate Greening of the state’s Economic Recovery through budgetary processes?

2. How can climate financing bring co-benefits for the social sectors in Odisha in terms of employment generation, reducing inequality etc. and what could be the possible framework for up-skilling for green jobs in Odisha?

3. What are the challenges in leveraging financing for clean energy in Odisha and possible climate financing opportunities / mechanisms, which can be harnessed by the state?

**Participants**

- State Government Officials from various departments of the State Government such as Department for Environment, Forests and Climate Change; Energy; Urban Development; Water and Sanitation; Skill Development; Social Welfare; and State Pollution Control Board etc.
- Researchers/analysts from academic institutions
- Staff from public policy think tanks
- Staff from think tanks working in climate finance.

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