Charting a Sustainable Future: EU-India Platforms on Energy and Climate Change and Urban Development

By Gauri Khandekar & Marc Saxer

- **The EU-India forums on energy and climate change and urban development are poised to have a transformative impact on sustainability and the strategic partnership**

- **Both initiatives need to robustly involve business community and civil society from both sides**

- **Narrowing the focus of either forum will ensure a result-oriented approach.**

At their thirteenth summit held on 30th March 2016 in Brussels, the EU and India managed to fillip their strategic partnership through the launch of a bilateral platform on energy and climate cooperation, and the promise of an EU-India forum on urban development, amongst a string of other deliverables. For long now, the EU-India relationship has been fettered in diplomatic rows, political torpidity, bureaucratic bottlenecks, failed forays into foreign policy, beached free trade agreement negotiations and overall loss of momentum. This year's so-called annual summit - held after a gap of four years - has proved to be one of the most strategic meetings in the chronology of the EU-India relationship by refocusing the partnership onto three areas of global and bilateral significance.

Energy, climate change and sustainable urbanisation are strategic priorities for India and fields where Europe has significant expertise. They thus portend substantial scope for practical cooperation especially as bilateral free trade talks remain at an impasse. While EU-India and EU member states-India cooperation in the spheres of energy and climate change are nothing new, urban development does open up an extensive new turf for collaboration. The two platforms will help consolidate and better guide cooperation with India at a pan-European level. Streamlining EU-India cooperation in both areas will not only add a new impulse to the bilateral strategic partnership, but will also reaffirm the EU as a strategic global actor at a time when the EU project has come under severe strain domestically and internationally. These initiatives can significantly strengthen EU-India relations and generate mutually beneficial opportunities provided both partners implement them accurately.

Top Priority

A country of more than 1.25 billion, India faces the gargantuan challenge of simultaneously assuring energy security for its booming economy, providing access to energy for hundreds of millions, battling ever frequent consequences of climate change, and urbanising the country, all while providing jobs and growth. Today, millions in Indian face droughts, floods, heat waves and polluted air each year. By 2030, an additional 250 million inhabitants - or a total of nearly 590 million (of around 1.47 billion projected) - will join India's existing urban population and the country faces the task of having to build by then a city the size of Chicago each year, according to McKinsey Global Institute (MGI) estimates. By the same year, the Indian government will need to create nearly 1 million jobs a month. As of 2015, India is the third largest energy consumer and oil importer in the world (with coal as the dominant fuel accounting for 58 per cent of primary energy consumption) while also being the sixth largest renewable power generator in the world. The Indian development paradigm is set on "high growth first, environmental concerns later". This does not preclude an interest in a low carbon energy transformation. The breadth of contradictions and challenges that energy, climate change and urban development issues represent for emerging India –a country which houses a third of the world's poor and ranks 97th of 118 countries in the 2016 Global Hunger Index – is vast.

Yet, there is growing recognition in India, both at the societal and political levels, that the nation must act strongly on all three pressing issues. On climate change, India is currently the only country in the world to have an independent national ministry dedicated to renewable energy, while special green courts have been established to adjudicate environmental cases. Article 21 of the Indian constitution guarantees citizens the right to a healthy environment. Under current Prime Minister Narendra Modi, India has assumed a global leadership role on climate change from its bench warmer status. As Chief Minister of the Indian state of Gujarat (2001-2014), Modi had established a separate department for climate change – the first in Asia and fourth State/province to do so in the world. As Prime Minister, he has carried the same attitude to the national level. Modi added the portfolio of climate change to the national ministry of environment and forests, pledged to source 40 per cent of its power from renewable resources by 2030 (compared to the EU-wide target of 27 per cent), committed to reduce its GDP emission intensity by 33 per cent by 2030 and promised to create an additional carbon sink of over 2.5 billion tonnes of carbon dioxide equivalent. In 2015 Narendra Modi launched the world's largest LED programme which aims to replace 770 million incandescent bulbs in India with eco-friendly LEDs by 2019. Between 2015 and 2016 wind energy capacity in India was augmented by nearly 44.2 per cent while solar energy increased by 116 per cent. Modi also launched an international solar alliance at the COP21 Climate Conference held in

Paris last year which includes 121 countries falling between the Tropic of Cancer and the Tropic of Capricorn. At the September 2016 G20 Summit held in Hangzhou, China – less than a month before India ratified the 2015 Paris agreement (a few days ahead of the EU) - Modi once again advocated world leaders to not to limit efforts to address climate change.

Modi's promise to urbanise India and create smart cities during his electoral campaign were key factors behind his electoral victory. Since assuming office, Modi has launched an ambitious agenda for India's urban transformation. On 25 June 2015, Narendra Modi inaugurated a flagship programme for developing 100 existing Indian cities into smart cities, an initiative open to foreign collaboration. A 'smart villages' initiative, the Sansad Adarsh Gram Yojana was launched on 11th October 2014 to create at least 2,500 smart model villages by 2019 which will have access to clean water, sanitation, low-carbon energy, and internet connectivity. Transport is also a priority with significant investments made towards expanding the country's road and railway transportation infrastructure. 1,000 new diesel locomotives, Japanese Shinkansen bullet trains, high-speed rail links are all plans underway to revolutionise India's colonial era railway network. The Indian highway network too is being expanded with better access to remote areas. Under the Pradham Mantri Gram Sadak Yojana (PMGSY) all villages will be connected with roads. Simultaneously, 101 rivers are being converted into national transport waterways.

Narendra Modi recently created a special group of national secretaries for closer review on ten priority issues – which in effect include energy and urban development. Energy, climate change and sustainable urbanisation are three of the most challenging yet critical areas where action is needed. These are also areas where stronger EU-India relations are needed. It is not only crucial to ensure that India's path to urbanisation is both green and sustainable, but that it's renewable energy and energy efficiency quotient is significantly boosted while keeping in mind the country's energy security perspective.

EU-India Platform on Energy and Climate Change

For long now, there has been significant activity between India and individual member states on renewable energy, energy efficiency and climate action. India and Germany formed a 'Climate and Renewable Alliance', and Berlin extended New Delhi assistance worth €2 billion for developing a clean energy corridor and solar projects. This is in addition to other initiatives like the €250 million German loan to build a solar power plant at Sakri in the Indian state of Maharashtra. The United Kingdom is contributing $210 million towards technical assistance on energy efficiency, renewable energy and climate resilience, under India's $775 million program of Clean Technology Fund. Both the UK and France have signed civilian nuclear agreements with India. France is currently constructing six nuclear reactor plants backed with lifetime fuel supply in Jaitapur in Maharashtra state, which upon completion will be one of the

largest nuclear parks in the world. Big joint ventures on renewable energy between European and Indian firms are also commonplace. But most of such cooperation has taken place outside any EU framework.

At the EU level, there exist technical sectoral dialogues with India on steel and environment and a panel on energy. Under the EU-India Agenda for Action 2020, adopted at the 13th bilateral summit, the EU-India energy panel would be expanded to including cooperation on renewable energy, energy efficiency, smart grids, clean coal technology, energy security, and energy research & innovation. The first meeting of the joint working group on energy security has also taken place this year. Moreover the European Investment Bank is providing a long-term loan of EUR 200 million to the Indian Renewable Energy Development Agency (IREDA) to help finance projects in the Renewable Energy and Energy Efficiency sector in the country.

> *The EU-India forums on energy and climate change and urban development are poised to have a transformative impact on sustainability while contributing to global goals through bilateral efforts.*

Bringing the breadth of such cooperation on energy and climate change with India under an EU framework like the Platform on Energy and Climate Change will certainly enhance the overall weight and functioning of the strategic partnership. Conflicting international energy policies within the EU have so far had major bearing on the EU-India partnership, pushing India to prioritise cooperation with individual member states. The EU has also faced considerable competition from other countries which offer a more consolidated, reliable collaboration package. The Energy and Climate Change platform offered at an EU level will ensure that energy cooperation between the EU and India will no longer remain fragmented. India stands at the threshold of an energy transformation, and the platform on energy and climate cooperation provides a concrete dais for the EU and India to further develop cooperation on renewable energy, energy security and climate change.

It will be essential to ensure that the platform does not develop into yet another technical dialogue between capitals-based bureaucrats but becomes a vibrant framework for collaboration that promotes individual EU member states strengths, enhances links with various Indian states, engages businesses (including small and medium sized enterprises – SMEs) and communities on both sides, building transformative alliances to support sustainable innovation and technology exchanges. For that, a political economy dimension is necessary to provide broader insights facing the topic's exceptional challenges as well as awareness of present discourses and narratives is crucial to overcome the status quo. Consequently, it is also important to limit the focus of this platform to a select few topics, for instance: smart grids, clean coal technologies, industrial efficiency, carbon capture and storage, development of renewable energies and mitigation strategies for climate hazards. Setting up further public-private sub-platforms bringing together

sector-specific stakeholders like key businessmen, policy experts and officials, for example an EU-India smart grid sub-platform, can be a highly beneficial result-oriented approach with a networking angle and multiplier effect. Acting as seed communities these stakeholders can produce the ingredients for transformative alliances going beyond the status quo, developing a vision, a narrative and concrete catalytic projects needed.

The Future EU-India Urban Forum

At their 2016 summit, the EU and India agreed to launch an urban development dialogue and organise an Urban Forum. These proposed initiatives would certainly help EU member states tap into the vast opportunities offered by India's massive urban transformation while contributing to the same given their extensive urban development policy experience. The initiatives also embody the shift in the EU-India partnership from a traditionally donor-recipient relationship to one which offers mutual benefit.

The EU has been an important development partner to India in the conventional realm of integrated development which includes economic, social, cultural, political, and environmental dimensions. The two partners have also maintained a sectoral ministerial dialogue on development over many years. Developing India continues to maintain a strong focus on poverty alleviation, provision of basic needs, access to essentials and social empowerment, and the protection and empowerment of vulnerable groups including children and women. The country today is managing the world's largest domestic development programme. Urbanisation adds new aspects to development for India including modernisation, infrastructure, business, jobs and empowerment as important interdependent factors for a development towards modern social cities.

The EU has been a latecomer to the urban scene in India. Major actors like the US, China, Japan, Canada, and Australia have rushed to establish cooperation in India and are undertaking largescale projects in a host of urban development sectors. Japan and India for instance are co-constructing the vast $90 billion Delhi-Mumbai industrial corridor in India – one of the largest infrastructure projects in the world – in addition to master planning smart cities Ponneri, Krishnapatnam and Tumkur. The US has already undertaken the development of three Indian smart cities - Ajmer, Vishakhapatnam, and Allahabad – and is also working with India in the sectors of innovative technologies, highway development, road engineering, road safety and development of green fuels in the automobile sector and electric vehicles.

From the EU currently only France and Germany have agreed to develop three smart cities each in India, Germany – Bhubaneswar, Kochi and Coimbatore, and France – Chandigarh, Nagpur and Puducherry while Spain is developing one - Delhi. City partnerships between Indian and German cities like Mumbai and Stuttgart or Pune and Bremen are holding up to their decades-long multidimensional exchange. Private

companies from the UK are developing the shorter Bangalore-Mumbai Economic Corridor project in India. While larger EU member states have the financial and diplomatic machinery at hand to engage with a country the size of India, smaller EU member states are relatively absent from India's booming urban development sector even though they excel in various aspects of sustainable urbanisation. For instance, Sweden is a world leader in waste management while Belgium excels at energy generating buildings. There is more potential for the EU as a whole than individual EU member states acting alone when it comes to competing with China, Japan or the US in India. As an organisation bringing together 28 developed countries on a coordinated urban platform the EU represents a formidable potential partner for urban development in India. The EU's vast expertise in building sustainable, green, socially inclusive societies is attractive for India. EU cooperation on urban development with India is primarily slated to link to India's '100 Smart cities' flagship programme, seek to build links between EU member states and regions/cities and Indian states and cities, involve the EU's Committee of Regions, and promote dialogue and partnership/twinning between local, regional and state entities.

The urban forum is a commendable initiative, but needs to be launched fairly quickly. As a relative latecomer, the EU is fated to play catch-up with India's other partners. The EU needs to ensure that the forum is a multi-stakeholder initiative that underscores the involvement of the business community from both sides. Plugging the Enterprise Europe Network, a virtual platform that brings together data on European and local SMEs, into the EU-India urban forum can ensure that business opportunities are spread across the EU. This scheme also facilitates technology transfer. The EU could also consider replicating the EU Business Avenues with South-east Asia programme that aims to bring as many as 1,000 SMEs from Europe on business missions to the region over a five year period.

Prior to launching the forum however, it is essential to map the ground on urban development in India. This is the first assignment for the seed communities. It is indispensable to identify various stakeholders and governance mechanisms – '*who delivers urbanisation?*'. Urban governance in India is particularly complex. India's urban transformation is jointly financed by the central and respective state governments but implementation is largely carried out at the state, region, city and village administration level. Governance in India differs from city to city and city mayors in India unlike those in Europe do not wield the same powers and responsibilities. The city of New Delhi for instance has three municipal corporations. The implication for the EU-India Urban Forum is that setting up a Mayors Forums similar to the one created under the EU-China Urban Forum will not be very effective. Furthermore, the state of play of urban transformation in various Indian cities will need to be carefully mapped and updated in real time. The Indian smart cities programme is carried out on a project-by-project basis rather than a macro planning model that seeks infrastructure overhaul. Additionally, smart villages are concurrently being developed in collaboration with the

local gram panchayats in a bid to form smart village clusters instead of assimilation with mega towns. The breadth of rapid activity ensuing across India is overwhelming. The EU-India Forum is a valuable undertaking which if cautiously implemented, could unlock significant potential within the EU-India strategic partnership and bring mutually beneficial gains to both partners by identifying transformative allies, detecting spoilers and shaping a new success narrative while pinpointing catalytic projects.

Conclusion

The EU-India strategic partnership is now entering a new phase of technical, functional, strategic cooperation which aims to drive benefits to the common citizen. The EU-India forums on energy and climate change and urban development are poised to have a transformative impact on sustainability while contributing to global goals through bilateral efforts. They hold the potential to deliver large social, political and economic gains to both sides. The EU and India must however ensure that both initiatives robustly involve all key stakeholders from both sides. It is also crucial that both sides remain open to learn from each other. Thorough groundwork in the seed communities prior to launching will ensure the success of both commendable projects. Narrowing the focus of either forum will also guarantee a result-oriented approach. Not only do these forums and seed communities as well yet to be build transformative alliances and catalytic projects reinforce EU-India relations at a people to people level, contribute to sustainable development and climate action

but also set the tone for the second decade of the EU-India strategic partnership.

Gauri Khandekar is Deputy Director & Director Europe at Global Relations Forum, based in its Brussels office.

Marc Saxer is Resident Director of the Friedrich Ebert Stiftung's India Office based in New Delhi.

Email: info@gr-forum.org