

Triangular Cooperation as a Catalyst for Green Trade: The role of MSMEs in India's Climate Partnerships

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Triangular and Climate Cooperation:

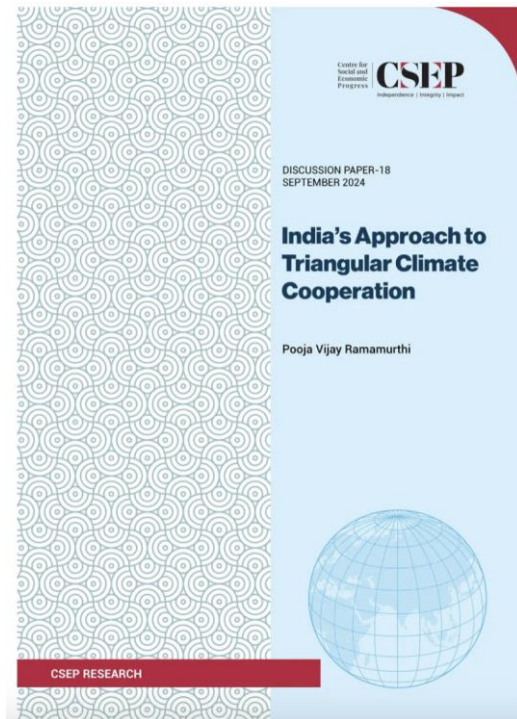


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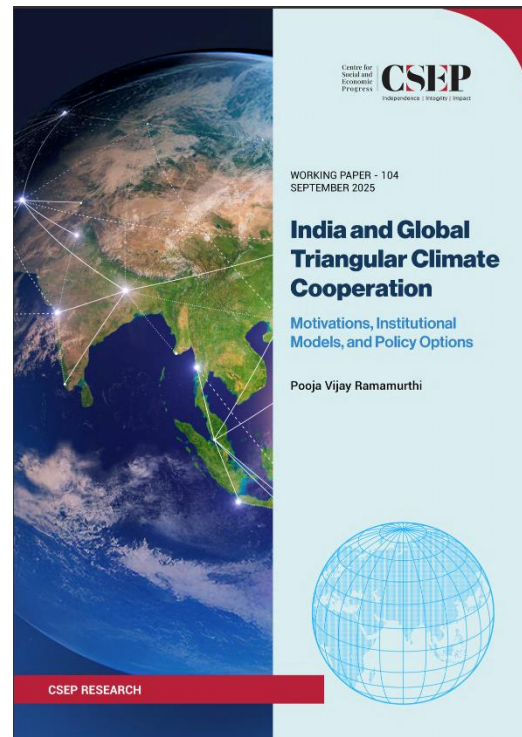


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Upcoming:
MSMES

Key Insights from the Paper

Current status of TrC

Three main modalities of TrC

- Expanding bilateral ties towards country-specific engagements
- Building triangular platforms- ISA, CDRI, GBA
- Working with multilaterals- such as the India-UN Development Fund



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Role of TrC in India's Climate Diplomacy

- Climate and energy high on the agenda of long-term, programmatic engagements
- Domestic innovations replicated in third countries, with a demand-based approach of development goals
- Small-scale, focused on capacity building, pilot projects
- Increased horizontality in partnerships



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Role of TrC in India's Climate Diplomacy

- Plays a 'symbolic role', cannot replace other diplomatic engagements
- However, key to climate portfolio :
 - indicates willingness to be a 'global climate partner'
 - Create engagement in regions with low diplomatic presence
 - Learn to create improved domestic institutional capacity



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Challenges

Weak domestic institutional capacity

- Bureaucratic hurdles and delays
- No grass root level presence

Inability to Operationalise Joint Funds

- Hurdles in Joint Selection, Monitoring and Evaluation mechanisms
- No clarity on institution in charge of fund

Not integrated into larger vision

- Limited clarity on how to leverage TrC
- Poor strategy on countries and sector to work on

Lack of Reporting and Monitoring

- Not reported separately
- No quantification of impact, finances and project methods

Policy Options and Way Ahead

Strengthen domestic capacity

- Dedicated department
- Vision document
- Adopt best practices

Understand regions and sectors of Interest

- Interest of recipient countries to exchange with India
- Needs of recipient countries

Integrate learning from partnerships

- Standards for monitoring and evaluation
- Joint Norms, Standards and Regulations

Catalyse Private Sector Participation

- Facilitating platforms
- Incentives for expansion into third countries

Strengthening Climate and Resource Diplomacy

- Showcase TrC Models at International Forums
- Identify and Focus on Climate Solutions for Development in Global South
- Improve Energy Security and Expand Green Supply Chains





- This was a sneak preview
- Look out for sections on what motivates countries to engage in climate TrC with India!
- Case studies on how TrC has been operationalised by different countries

Future Research Agenda

Changing domestic and geopolitical landscape

Domestically:

- Pushing for more private sector involvement
- More of a ‘green trade’ approach towards climate change/energy transitions
- Going from civil society models to grass-root entrepreneurs and social enterprises

- **Internationally:**

- Looking towards development cooperation to fulfil national interest goals
- Moving away from traditional ideas of ‘ODA’ towards economic angles.

“Trade provides a more sustainable route out of poverty for poor countries, worth far more than ODA” –DFID project report

MSMEs in India

- 63.4 million MSMEs
- MSMEs contribute to about 1/3rd of India's GDP

- 50% of export share

Employ 110 million workers (~ 62% percent of the workforce)

- 25% of the total energy consumed by the industrial sector
- 15% is electricity consumption and 85% is thermal



MSMEs need to undertake a green transformation towards net-zero and climate resilience

AND

MSMEs are also providers of technology that can enable the green transition

Existing knowledge

- Some work on how MSMEs can move towards low carbon pathways
- International engagement ,such as the BEE-UNIDO-GEF Programme, GEF-WB-BEE Scheme and JICA-SIDBI Initiative
- Less work on how MSMEs fit into the green trade supply chains, and how to initiate platforms to enable strengthen exchange networks, particular within the Global South

Supporting Indian Trade and Investment for Africa (SITA) (2014-2020)

- DFID worked with GoI to increase engagement between African and Indian MSMEs – 5 East African countries
- ~ 60 million USD additional trade and 111 million USD investments between the regions
- Increased technology transfer, built networks and facilitated exports from Africa to India
- All projects had to be climate/environment smart, but focus was on textiles and agriculture



**COMESA/ ITC visit on
leather industries under
SITA**

Questions

- How can triangular cooperation be applied in the context of MSMEs and low-carbon pathways?
- Can triangular cooperation encourage Indian MSMEs to expand into third countries?
- Which sectors and regions can MSMEs have impact in?
- What opportunities and challenges exist to strengthening knowledge and tech transfer between Global South MSMEs?