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INSTITUTE OF PEACE AND CONFLICT STUDIES



# Indo-Dutch Cooperation on Sustainable Futures

[ Policy Brief ]

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# INTRODUCTION

The June 2017 meeting between Indian Prime Minister (PM) Narendra Modi and his Dutch counterpart Mark Rutte resulted in the signing of three MoUs in social security, water cooperation and cultural cooperation, with the joint communique focusing on water and waste management. This was preceded by the May 2017 meeting between diplomats of both countries - a follow-up to the wide-ranging dialogue between India and the Netherlands in 2015 - in which the stream of projects on which the two countries are cooperating were highlighted.

As the world transitions to towards green economy innovations, the development of India-Netherlands cooperation will be seen to be hinged on two main factors: India's ability to provide an attractive and economically sustainable investment market for green products, and alignment of prospective partnerships with the country's policy thrust on domestic production and research upscaling.

What makes the Indo-Dutch collaboration in these initiatives particularly unique is the fact that sustainability – seen as widely spanning both environmental and social sustainability – has come to form the core of the bilateral relationship.

## OVERVIEW

The cooperative initiatives between the two countries are aligned to India's key flagship programmes like *Swachh Bharat Abhiyan*, spanning collaboration in water and waste management, renewable energy, urban sewage treatment, imparting of capacity-building to Indian government officers and exploring business opportunities in renewable energy, smart cities, and, ports and shipping. Significantly, the underlying incentive that has hinged all these cooperative engagements is anchored in the promise of India as a smooth destination for foreign investments and programme implementation.

As part of *Swachh Bharat Abhiyan*, the Netherlands is part of the ongoing joint project Local Treatment of Urban Sewage Streams for Healthy Re-use (LOTUS) to clean-up the Barapullah drain in Delhi and the Dutch-Indo Water Alliance Leadership Initiative (DIWALI) waste water project in Baroda. The latter is a major initiative between the two countries, catapulting water cooperation to the centre-focus of the bilateral technical cooperation. It is also an area where India is currently in a highly critical state, marked by depleting groundwater resources, mounting resource conflicts and the falling reservoirs.

Besides these core involvements, under the Government-to-Government (G2G) program, the two countries are cooperating on sustainable waste management in India. This is more of a research initiative, where the Netherlands is positioned as an advisor sharing its expertise on waste management and providing trainings and capacity building to local Indian government officers. While the solutions advocated typically hinge around use of biogas plants, landfill remediation, sustainable waste segregation etc., the policy-relevance of cooperation lies in the Netherlands' support for a circular economy and decentralised market solutions that believe in making the polluting product less competitive over time, through a mix of measures like taxation, and, green public procurement to set a demand standard.

This market-based approach with procurement supports is seen even in fields like renewable energy, where the focus is on innovation, investment and decentralised energy provision solutions. A 2014 MoU on 'cooperation in renewable energy' made the focal areas wind energy, solar, biomass, smart grids and any other areas agreed upon. With the Netherlands being a leader in wind energy and India starting a mission to develop as many as 10,000 solar, wind and biomass power projects in next four years, the activity on the renewables front will accelerate.

Investment opportunities are also being explored in solar PV sector, with India aiming to have 100 GW of solar PV (60 GW of utility-based solar and 40 GW of rooftop solar) installed capacity by 2022, which is nearly 30 times the country's present capacity. In this, the main potential for Dutch investment is seen

not in the development of large solar farms, but in small and medium scale rooftop solar PV projects, especially in states like Tamil Nadu, Maharashtra and Karnataka, which have instituted favourable policies for rooftop solar PV.

Significantly, besides such governmental and business collaborations, the potential of cooperation is visible through various decentralised initiatives which seek to commission research in new areas, such as the exploration of new technologies like computational and data sciences in sustainable energy research, or, forums like the Indo-Dutch CSR and Sustainability Forum (INDUS) for facilitating responsible business practices.

## POLICY RECOMMENDATIONS

India is eager to harness research and technologies in sustainable resources and in a way that is investment-driven. Many of the existing cooperative initiatives are being executed in a public-private mode and are focused on selection of models from the Netherlands, knowledge exchange, and research collaborations and trainings.

Given how cooperation on this matter hinges mainly on investment and scientific exchange, the way forward should take account of the following:

- I. **Aligning sustainability cooperation for positive business benefits in existing Indian flagship programmes/schemes**
- II. **Ensuring the spill-over effects of cooperation in various other areas like job-creation, green jobs etc**
- III. **Partnership should address the gap of doing some work in the area of policy framework development, without which implementation efforts would remain incomplete**
- IV. **Successful, existing pivots of cooperation, like INDUS (for corporate sustainability cooperation) should be replicated**
- V. **Ensuring the reflection of cooperative efforts in international forums, where policy convergence on Sustainable Development Goals (SDGs) and climate change can be worked upon**

# I

## **Aligning Sustainability Cooperation for Positive Business Benefits in Existing Indian Flagship Programmes/Schemes**

Existing Indian flagship programmes can be systematically aligned to cooperative efforts. For instance, Make in India can be usefully leveraged in the sustainable energy sector, especially for small and medium enterprises. Potential for the same is already being seen in the rooftop solar PV sector. As the forecasts stand, India's Annual Solar installations are set to grow over four times by 2017, with 10.50 GW of utility-scale solar and grid connected rooftop solar capacity to be added by 2016-17.

However, an important rider is in order – the business model of the projects too should be worked out in a manner which ensures that India is more than just an investment destination and is also an equal collaborator in the projects. This means that prospective Dutch companies should also consider at least partially producing some of their products in India, which will also help in reducing the price of the product.

# II

## **Ensuring the Spill-Over Effects of Cooperation in Various Other Areas Like Job-Creation, Green Jobs, etc.**

As a corollary to the **Recommendation I**, India should also explore ways in which cooperative efforts in one direction can lead to positive offsets in other areas. For instance, leveraging Make in India for small and medium enterprises in renewable energy can be an important generator of employment. Within the ambit of renewable energy, the government is already focusing on skill development as a positive offshoot, with the “Suryamitra Scheme” launched in May 2015 expected to create 0.05 million trained personnel within a period of 5 years, from 2015-20.

This will not only meet India's challenge of jobless growth in a neo-liberal era, but will also facilitate the still nascent ‘green jobs’ economy. Furthermore, the cooperation efforts should separately explore natural green jobs areas like handicrafts industry, MSMEs, etc. aligning it with the government's Skill India programme, thus combining sustainability with livelihood generation.

## III

### **Partnership Should Address the Gap of Doing Some Work in the Area of Policy Framework Development, Without Which Implementation Efforts Would Remain Incomplete**

Moving beyond the existing scientific research and programme implementation, the partnerships should be anchored in development of policy frameworks as well. This is an area where India is facing a gap. For instance, in the case of the solar boom, the current scenario is that existing capacities exceed installations by over 40 per cent, mainly because the policy component is still in an evolving phase – low renewable purchase obligations by states, grid strengthening measures etc. Unless that is addressed, capacity addition in sustainable resources will be hindered.

## IV

### **Successful, Existing Pivots of Cooperation, like INDUS (for Corporate Sustainability Cooperation) Should be Replicated**

Models like INDUS should be replicated. While INDUS is a forum catering to businesses to facilitate responsible business practices and CSR, similar initiatives could leverage the involvement of educational institutional collaboration or civil society collaborations between the two countries – again important decentralised initiatives. Lot of such work is already being done. Certain NGOs and institutes have collaborated with their Dutch partners to facilitate student exchange in environmental research, but bringing it within a centralised purview (like Dutch embassy's oversight of the INDUS plan) would help.

# V

## **Ensuring the Reflection of Cooperative Efforts in International Forums, Where Policy Convergence on Sustainable Development Goals (SDGs) and Climate Change Can Be Worked Upon**

Last, but not the least, international cooperation should always be explored for spill-over benefits in other areas of cooperation between countries. In this context, the ongoing action over the Sustainable Development Goals (SDGs) implementation can become a driver for an integrated approach to planning cooperation. Not only will cooperative efforts accelerate implementation of both countries' SDG commitments, but the SDG forums can act as, mainly, a knowledge bank for further improving the initiatives and anchoring partnerships.

Partnerships, in particular, form the core of implementing the SDG agenda and for facilitating local action, since the implementation has to be voluntary. The more India and the Netherlands bring existing and prospective partnerships within the SDG domain, the more will it strengthen the global SDG implementation. For instance, currently, the Netherlands is participating in the 10YFP Sustainable Food Systems Programme. 10YFP encourages global action for sustainable production and consumption, and many Indian organisations like TERI, are collaborating under various 10YFP projects. India can actively collaborate with Netherlands under such programmes, since there is a demand in India – in terms of resource efficiency, food systems, waste management etc. – for the sustainability outcomes generated by programmes such as these.





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