

Regional Policy Dialogue: Mobilizing Finance for SCP and SDG 12

17th March, 2022 | 14:30 – 17:45 (GMT+7)



Background

The EU-funded SWITCH-Asia programme aims at supporting the development of green economy and the transition towards a low-carbon, resource-efficient and a more circular economy in Asia promoting economic growth while decoupling it from environmental degradation. The SWITCH-Asia Regional Policy Advocacy Component (RPAC), implemented by United Nations Environment Programme, is designed to strengthen the dialogue at regional, sub-regional and national policies on Sustainable Consumption and Production (SCP) and thereby contributing to green growth and reduction of poverty in Asia.

SDG-12 focuses on sustainable management and efficient use of natural resources, implementing sustainable agricultural practices, and undertaking energy-efficient practices across sectors. This goal has several implications for major economic sectors such as agriculture, manufacturing, transport, energy, to name a few. As Asian economies have continued to grow, there has been a sustained increase in the demand for natural resources. Especially for the Southeast Asian countries, there has been increasing demand for fuel, especially from oil, with SE Asia becoming a net importer of fossil fuels in recent times. In fact, oil consumption dominates in all major sectors, followed by coal. At the same time, with mandates for providing affordable electricity to the entire population, the region faces substantial growth in electricity demand, growing at an average of 6% per year, thereby contributing to significant financial strains in the existing power systems.

With the existing resources consumption being untenable, there is an urgent need to shift towards sustainable forms of consumption and production. This requires collaborative efforts from various

stakeholders to facilitate finance for SCP. There are various forms of financial resources available in the Asian economies to drive financing for SDG 12, viz. international finance (both public and private), domestic (both public and private), public borrowing (domestic and international), remittances, and commercial investments. While there have been considerable developments in the green bond market in Asia, there have also been attempts to label these bonds as 'green' to finance low carbon and climate-resilient infrastructure. However, the existing regulatory framework does not support earmarking the bonds exclusively for financing SDG 12 efforts.

Hence financing for SCP needs to be bolstered through enablers or levers, some of which are effective policy and regulatory framework, governance, technological innovations, reporting and monitoring mechanisms, capacity building and outreach, market efficiencies, and innovations in business models. While available literature and knowledge artifacts focus on the volume of finances available for accomplishing the SDG Goals, there is less know-how on the landscape of financing with respect to SDG 12, especially for the Asian economies.

In this context, RPAC in partnership with the TERI School of Advanced Studies (SAS) and Asian Institute of Technology (AIT) is organizing a regional policy dialogue based on the concept of mobilizing finance for SDG-12. The dialogue will discuss the imperatives of financing SCP and SDG-12, highlight the key trends, get first-hand insights from financing organizations and academic institutes, emphasize the key barriers to garner private investments into the sector, and also focus on the role of enablers to address the challenges.



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Objective

The objective of the regional dialogue is to enrich existing knowledge and identify opportunities to promote sustainable finance on SDG 12 in Asian countries through engaging wider stakeholders into the discussion on:

- Practical enablers for mobilizing finance for SCP and SDG 12 in Asia
- Existing best practices that showcase the impactful solutions for facilitating finance for SDG 12
- Challenges and Solutions to drive private investments for SCP activities;

Target Participants

To maximize the opportunity of a virtual setting, the regional dialogue is open to everyone who wishes to contribute to the dialogue on mobilizing finance for SDG-12. The dialogue is expected to bring all experts in policy, finance, technology, and business to obtain diversified perspectives on the topic.

- Regional experts from government, academia, and CSOs (invitation based registration)
- Any stakeholder who has motivated to contribute and learn from the potential dialogues on SDG-12 financing (open registration)



12 RESPONSIBLE
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Agenda

Inaugural Session:

Session Moderator: **Dr. Fawzia Tarannum**
TERI School of Advanced Studies, New Delhi, India

14:30-14:45
(GMT+7)
13:00-13:15
(IST)

Welcome Remarks
Prof. Prateek Sharma
Vice Chancellor, TERI SAS

14:45-14:55
(GMT+7)
13:15-13:25
(IST)

Opening Remarks
EUD (tbc)

14:55-15:10
(GMT+7)
13:25-13:40
(IST)

Keynote Speech
**Imperatives for Financing SDG 12:
Evidence from the EU- Policies, and
Prospects**
EUD (tbc)

15:10-15:25
(GMT+7)
13:40-13:55
(IST)

**Presentation from TERI SAS: State of
Sustainable Financing from Asian
Economies- Country Experiences**
Dr. Ria Sinha
Adjunct Faculty- TERI SAS & Senior Fellow, Indian
School of Development Management (ISDM)

Session 1: Panel Discussion- Enablers for mobilizing Finance for SDG 12 in Asian economies

This session focuses on identifying the key enablers for mobilizing sustainable finance for SCP in Asia. We bring a lineup of leading experts from diverse domains, including policy, technology, and capacity building, to discuss the practical enablers, challenges, and solutions towards promoting sustainable finance in Asia.

15:25-16:25
(GMT+7)

Facilitator: **Dr. Sumantra Sen**, CEO, Canvest
Infracapital Inc

13:55- 14:55
(IST)

Market Perspectives on Financing SDG 12

Dr. Dhruva Purkayastha, Director of
US-India Clean Energy Finance, Climate Policy
Initiative

**Business Model Innovation for
mobilizing finance for SDG 12**

Dr. Shilpi Kapur Bakshi, Vice President,
Environmental Management Centre LLP

**Regulatory and Reporting Frameworks
for Financing SDG 12**

Dr. Bhavna Singh, Ministry of Environment
& Forests, Govt. of India/Representative from
Ministry of Finance

Fintech as a key enabler for financing SDG 12

Mr. Utpal Chakraborty, Chief Digital Officer,
Allied Digital

Break: 15 Minute

Session 2: Panel Discussion- Country specific experiences in Financing SCP Initiatives: Evidence from Financing Institutions

This session focuses on evidence-based perspectives of financing SCP Interventions/Programmes in selected Asian economies and aims to present the experiences of funders, key challenges, due diligence practices followed, monitoring mechanisms, and the impact created through such funding

16:40-17:40
(GMT+7)
15:10-16:10
(IST)

Facilitator: **Dr. Gaurav Bhatiani**
Director-Energy and Environment, RTI
International

**Key Perspectives on Financing
sustainable agriculture in Cambodia**

Dr. Ancha Srinivasan, Principal Climate
Change Specialist and Climate Change Focal
Point for Southeast Asia, Asian Development
Bank, Thailand

**Private sector Financing for Sustainable
Initiatives in Nepal**

Mr. Dinesh Dulal, Head Sustainable Banking,
NMB Bank, Nepal

**Financing energy efficient interventions
in Bangladesh**

Ms. Mafruda Rahman, Assistant Vice
President, Green Climate Fund, Bangladesh

**Innovative Mechanisms for SCP
Financing in India**

Mr. Abhejit Agarwal, Deputy Vice President,
Sustainability & CSR, Axis Bank, India

Closing Plenary

17:40-17:45
(GMT+7)
16:10-16:15
(IST)

Closing Remarks

Dr. Fawzia Tarannum
TERI School of Advanced Studies, New Delhi

Dr. Mushtaq Memon
EU SWITCH-Asia Regional Policy Advocacy
Component (RPAC)

Vote of Thanks

Dr. Ria Sinha
Adjunct Faculty- TERI SAS & Senior Fellow, Indian
School of Development Management (ISDM)



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Annex 1. Briefing note

- There is still a lack of conceptual clarity on what comprises sustainable financing for sustainable consumption and production (SCP) intervention. While the domain of sustainable finance refers to the process of integration of environmental, social and governance factors in investment decisions, thereby targeting investments into sustainable economic activities, sustainable finance for SCP ensures integration of ESG considerations into sustainable consumption and production activities. The complexity of SCP finance is more due to the fact that it has major interjections across synonymously used terms such as climate finance, green finance and ESG finance, all of which are various forms of sustainable finance.
- Although some time back, SCP was more a developed country driven agenda, the importance of this concept has hugely gained traction in Asian economies due to a rising growth trajectory across all major economic sectors such as manufacturing, agriculture, transport, Buildings & Construction, Energy, Solid Waste and Tourism.
- The analysis of the countries in South Asia reveals that most of the finances on various aspects of SCP and SDG 12, in particular, are through public funding comprising both domestic and international funding such as official development assistance (ODA) and grants, however, some of the sectors which are heavily based on these sources are agriculture and manufacturing.
- The business case of SCP finance and investments is clearly established from existing knowledge artifacts. The business case emanates from new opportunities which enhance competitive advantages, such as reduced costs generated through resource-efficient interventions.
- Existing financing instruments in South Asian countries include commercial loans at concessional rates from banks, green bonds issued through non-banking financial institutions (NBFCs), development funds from GCF, and multilateral organizations such as World Bank. Investments from private investors such as venture capital are comparatively new in certain selected sectors.
- Social enterprises based on targeted SCP interventions in agriculture are new profit-making ventures drawing the attention of private investors. An increasing number of social entrepreneurs and private investors realize the role of social enterprises acting as a catalyst for inclusive development through empowering communities and improved livelihoods.
- Some of the key enablers to mobilize sustainable finance include policies, innovative technologies, capacity building, and effective collaborations. Though most of the South Asian economies have separate policies on energy efficiency, renewable energy, environment protection etc., an overarching SCP Roadmap is still missing in the majority of countries, with exceptions for Indonesia and Thailand. Moreover, the existing policies are silent on finance, monitoring, and reporting aspects.
- Although countries such as Indonesia and Thailand have drafted and implemented a Sustainable Financing Roadmap, commitments from major financing institutions involving the central, national, and state banks in implementing the Roadmap are underway.
- Some of the public-private partnerships have emerged to finance large-scale technological interventions and innovations (STI) in the manufacturing sector. Business models based on resource decoupling and circular models are increasingly becoming visible in Asian countries such as China and India. However, commitments on up-scaling of the STI programmes based on adaptively developed technology roadmaps will attract private investments and avoid sunk costs incurred in technological lock-ins.
- Despite all these developments, there are potential barriers both on the supply side and the demand side of finance. The demand side gaps especially arise from a lack of know-how and capacity building of the small and medium enterprises in South Asian economies. Moreover, access to formal sources of finance is restricted due to a lack of collateral, tax concessions, high-interest rates etc. The supply-side barriers include small ticket sizes and large transaction costs of SCP interventions. For instance, most commercial banks tend to restrict their lending activities to short-term loans. Therefore, in order to finance sustainable consumption and production projects with long gestation periods, such as energy and infrastructure projects, innovative and blended finance tools with risk-mitigating factors are required.
- The Regional Dialogue will facilitate and trigger discussions on the role of various stakeholders to mobilize finance for SCP and SDG 12 across major economic sectors in South Asia. The discussions will be enriched through sharing of specific instances of SCP financing across various South Asian economies, deliberating on the key challenges to financing and probable solutions.



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