

## Flash Report

### Regional Policy Dialogue: *Mobilizing Finance for SCP and SDG 12*



**Date:** Thursday 17 March 2022 | 14.30 – 17:45 (GMT+7)

**Venue:** Live Broadcasting via zoom

#### Disclaimer

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**List of Acronyms:**

<b>AIT</b>	Asian Institute of Technology
<b>CE</b>	Circular Economy
<b>EE</b>	Energy-Efficient
<b>EU</b>	The European Union
<b>NBFCs</b>	Non-banking Financial Institutes
<b>NGOs</b>	Non Governmental Organizations
<b>ODA</b>	Official Development Assistance
<b>SCP</b>	Sustainable Consumption and Production
<b>SDGs</b>	Sustainable Development Goals
<b>SWITCH-Asia RPAC</b>	SWITCH-Asia Regional Policy Advocacy Component
<b>UNEP</b>	United Nations Environment Programme

## 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<sup>1</sup>.

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<sup>2</sup>. 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

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<sup>1</sup> IEA, 2020

<sup>2</sup> Volz, U. (2018). Fostering Green Finance for Sustainable Development in Asia.

institutes, emphasize the key barriers to garner private investments into the sector, and also focus on the role of enablers to address the challenges.

### Objectives of the Event

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

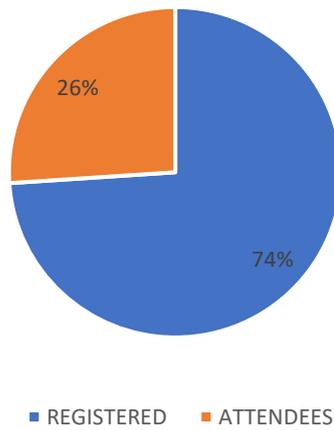
### Logistical information about the event

The organization of Regional Policy Dialogue on Mobilizing Finance for SCP and SDG 12 was organized as an online event via live broadcasting from Asian Institute of Technology (AIT).

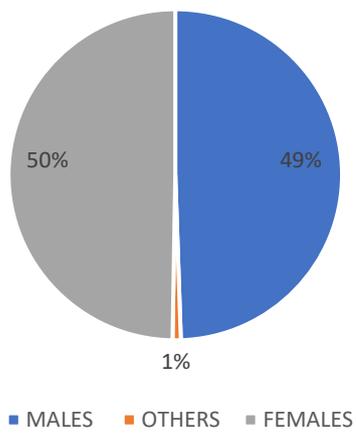
### Review on Participants:

One hundred ninety-three (193) participants were registered prior to the event, and 68 viewers joined online which was accessible through Zoom and Live broadcast on the Facebook's Page of SWITCH-Asia, AIT Extension and their networks. Regional experts from government, academia, and CSOs were invited as well as other stakeholders who has motivated to contribute to learn from potential dialogue on SDG-12 financing. Out of the total registered participants, 26% had actually attended the Dialogue. The male to female ratio was balanced as 49(Male):50(Female):1(Others). The major representation of the registered stakeholders belonged to the academia.

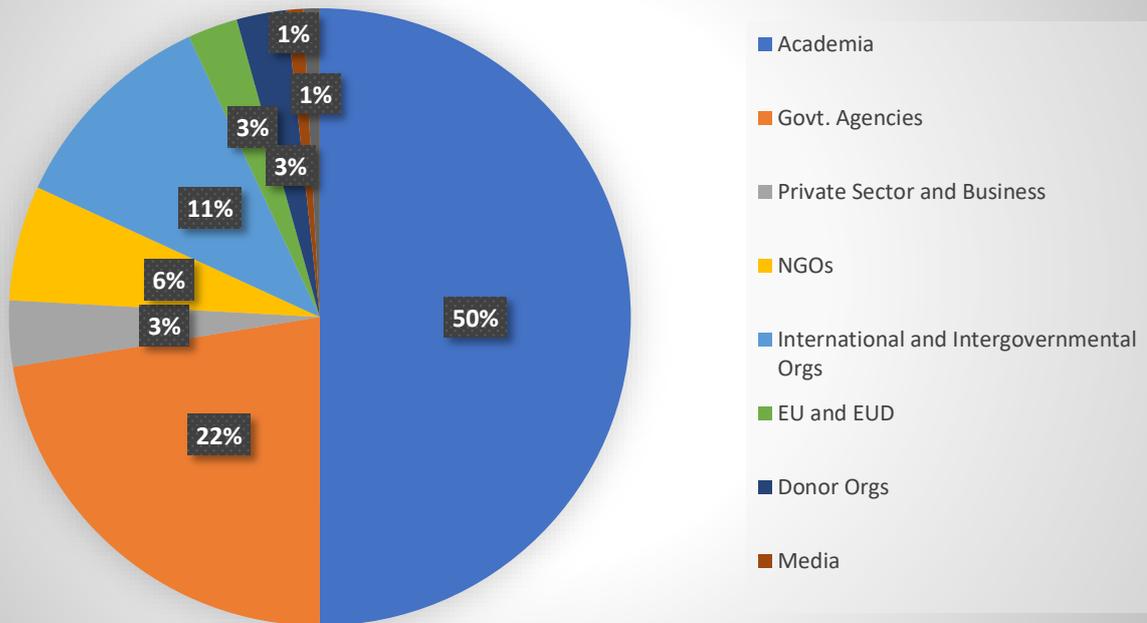
### REGISTERED VS ATTENDEES



### GENDER



## Attendee's Organization



## Summary of Key Messages:

The regional dialogue brought together stakeholders from government, private sector, academia and civil society to share insights, policy experience and practices on how to promote sustainable finance for SCP in Asia and South East Asian economies. The dialogue brought both nominated regional experts in policy, technology, business and education and the variety of stakeholder from public in order to diversify and expand perspectives that lead the collaboration and innovation.

The first panel focused on the key enablers such as financial markets, policy and regulatory framework, business model innovations and financial technologies to facilitate SCP financing. It emerged from the discussions that financing for sustainability being a double market failure, the role of policy is extremely pertinent to internalize the negative externalities arising from SCP issues. Moreover, policy plays a prominent role to penalize as well as incentivize the framework for SCP finance. Secondly, there are various value adding business models for SDG 12 and SCP in particular, some of which are incremental value adding and some are based on disruptive technologies. Thirdly, the financial technologies are the need of the hour to facilitate SCP investing and finance.

The second panel focused more on country specific cases of financing SCP initiatives. In Cambodia, there has been immense development in climate smart agricultural practices in which grants from multilateral development banks has been the main source of finance. This financing sources have also incentivized the private sector to invest in SCP interventions. Countries like Bangladesh have progressed significantly in terms of drafting and implementing policies on sustainable finance. However, there are certain challenges which impede the success. Most of the Southeast Asian countries have received funds from MDB's and bilateral agencies to finance SCP, however, a large gap remains in which private capital and institutional investments need to be mobilized.

## Moderator

### **Dr. Fawzia Tarannum**

TERI School of Advance Studies New Delhi, India



Dr. Fawzia introduced the purpose of the Regional Dialogue to the participants. She stated the objective of the regional dialogue which is to enrich existing knowledge to identify opportunities to promote sustainable finance on SGD 12 in Asian countries through wider stakeholders' engagement.

## Welcoming Remarks

### **Prof. Prateek Sharma**

Vice Chancellor, TERI SAS



The welcome remarks were provided by Prof. Prateek Sharma. Prof. Sharma emphasized on the pertinence of sustainable consumption and the need for reduction in food wastes. He mentioned that the economic repercussion of food waste is massive. In money terms, almost \$1 trillion is lost in food wastage. Hence there is a need to make change in consumption and lifestyle patterns. While sustainable consumption and production is an important area, SDG 12 is the overarching and cross cutting goal and is about doing better with lesser resources.

Prof. Sharma mentioned that SDG 12 has a major impact on various sectors associated with economic activities which includes agricultural, transportation, energy industry, and manufacturing. It's been observed that consumption patterns and the productions done in a more responsible manner will result in

addressing the issue of consumption and production. It will also have an impact on poverty alleviation and lead towards low carbon and green economies. Mobilizing finances for SCP and SDG 12 discusses various significant aspects of how to finance SCP, key trends and learn from financing institutes. Implementing sustainable agricultural practices and behavioral lifestyle changes in consumption. The dialogue will highlight the key trends of financing and explore various possibilities of bringing into private investments into the space.

## Opening Remarks



### **Ms. Francesca Gilli**

Acting Team Leader, Cooperation Section,  
Delegation of European Union to Thailand

The EU is committed and keen to work on this topic. For the EU, sustainable finance means working on three categories of environmental, social and governance standards. These are taken into account when we make decisions on investments in any sector that can lead to even longer-term investments, to go beyond development and cooperation projects.

Gilli emphasized the need for members from a development background to become acquainted with banks and finance to build a bridge between different sectors. Building transparency is vital. Micro businesses can have a higher risk and providing appropriate governance for support these businesses.

**Keynote Speech, Imperatives for SDG Financing: Prospective of Sharing Risk with the EU**



**Mr. Paulus Geraedts**

Directorate-General for International Partnerships, European Commission

Mr. Paulus mentioned that there is a financing gap in both the developed and developing world to achieve the SDGs. He mentioned that the goal is to share the risk with the beneficiary government in bringing private capital investment to SDGs in the partner counties. Accordingly, the EU provides EFSD+ guarantees. This pilot program offers guarantees of one and a half billion pardon brought up to 70 billion of total investments. The EU makes sure that the guarantee is priced to avoid market disruption. EU is ready to share risk in order to foster innovation financing solution to promote SDG 12. The key role is to integrate investments, technical assistance, and investment climate.

**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)

Dr. Sinha presented the study on the state of SCP financing across 10 countries and 8 major economic sectors such as agriculture, manufacturing, tourism, infrastructure, transport, waste management, clean energy and energy efficiency. Some of the results of the research indicate that for most of the ASEAN countries, energy efficiency and clean energy are receiving a large proportion of the funding. While for infrastructure and construction, there is a large financing gap. However, it is difficult to estimate the exact financing gap because of overlapping of multiple sectors on to the infrastructure. For food and agriculture, many countries have adopted climate smart agriculture which is one of the most

prominent SCP Initiatives in South East Asian economies. Most of these initiatives are funded through international grants with a focus of incentivizing and mobilizing private capital. Financing through domestic green bonds has been mostly prevalent for transport and energy. On the policy side, most of the SCP related policies have extremely limited finance aspects.

Some tourism policies have financing related aspects while others lack. Transport sector has multiple types of bonds for financing especially green bonds.

**Session I: Panel Discussion – Enablers for Mobilizing Finance for SDG12 in Asian Economies**

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

**Market Perspectives on Financing SDG12**



**Dr. Dhruva Purkayastha**

US-India Clean Energy Finance, Climate Policy Initiative

Dr. Purkayastha emphasized on the need to finance business models on SCP and SDG 12. For most SCP initiatives, business models have to be talked about in the value chain perspective. The financial viability of these business models will attract investments most importantly from the market. He also emphasized on the huge volume of money which appears to flow to these types of investments. However, in reality, the numbers that goes into green is roughly 1%. Newer financing sources are being talked about, in which blended finance is one of them. According to Dr. Purkayastha, it is nothing new and is simply old wine in new bottle. Blended finance needs to absorb the risk at no cost or at lower cost.

The only religion of financial markets is to make money. Hence the extent of money making is defined by the risk metric or risk adjusted returns. Hence what is most importantly needed is to regulate financial markets (capital markets, banking etc.) through regulations which will provide the pathway, penalty, incentive to shift financial intermediation from savings to investment into sustainable economic activities.

## Business Model Innovation for Mobilizing Finance for SDG 12



**Dr. Shilpi Kapur Bakshi**

Vice President, Environmental Management Centre LLP

We need to focus on what values (economic, environmental, and social) are created through these business model. Moreover, business models can be both based on incremental value addition or radical innovation such as disruptive technologies. However, there needs to be a shift from looking at asset-based business models to revenue generating business models. The various models can include waste recovery, extended producer responsibility etc. There are in fact many ways to improve or design or support the development of business models with guarantee schemes, fiscal policy and taxation regimes as examples.

## Fintech as a Key Enabler for Financing SDG 12



**Mr Utpal Charkraborty**

Chief Digital Officer, Allied Digital

Fintech will likely apply completely to sustainability rather than just SDG 12. The IoT, internet and all available technologies have enhanced the digital reach to the remotest corners of the world. This has helped in the inclusion of the financial access as well. Today, drivers, plumber, and housemaids would have no financial history since it was all done with cash; now, they have access to fintech where the unbanked population can have access to banking. There was a focus on developing services into multiple channels: internet banking, mobile banking, within shopping applications services.

The unfortunate thing is that regulators are far behind the technology explosion and there are very few tables where regulators can discuss and build regulations and framework for fintech.

## Session II: Panel Discussion – Country Specific Experiences in Financing SCP Initiatives: Evidence from Financing Institute

**Facilitator: Dr. Fawzia Tarannum**

### 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

Dr. Srinivasan emphasized on the initiatives the Govt. of Cambodia has been taking to bring the nation out of the least develop nation by 2028. AS of now, 1 billion US dollars were invested in agriculture sector for SCP and SDG 12. The challenges include policy, financing, technology, and capacity building. Cambodia has also developed policies that are very top down in approach, however, its implementations remain a key challenge. One of the prominent barriers is finance, especially in implementing SDG 12 Roadmap. Hence lot of awareness has to be created. In the agriculture sector, concessional financing from international institutes has been the prominent source of finance. ADB has provided \$ 90 million loan to improve the competitiveness of the agricultural sector in 5 provinces of the country. Dr. Srinivasan also mentioned that it is not only the quantum of fund but also the absorption capacity of the local governments to determine effective utilization of funds.

## Private Sector Financing for Sustainable Initiatives in Nepal



**Mr. Dinesh Dulal**

Head Sustainable Banking, NMB Bank, Nepal

Private funding is vital in Nepal since Nepal is a small country in terms of GDP (US \$35 billion). Private fundings are almost 2 times greater than the national capital expenditure budget. Nepal is powered by clean hydro energy which the government are prioritizing to build more hydro power projects. The Central Bank of Nepal has mandated domestic banks to lend 10% to the energy sector. Private financing work on supply side funding and demand side funding to promote SCP.

## Financing Energy Efficient Interventions in Bangladesh



**Ms. Mafruda Rahman**

Manager at Infrastructure Development Company Limited (IDCOL) and Asst. Vice President, Green Climate Fund, Bangladesh

In the past 10 years, Bangladesh has developed financial partnership for EE development. Currently, 25% of the co-financing comes from commercial banks and efforts are being made to make it more efficient for private equity to have access to the co-funding programs. Many private funders don't get profit in terms of margin, but they get interns of savings which many investors cannot clearly see. IDCOL works to make all parties be able to reduce risk and accrue benefits. Assisting in the transitions are key actions that are needed.

## Innovative Mechanisms for SCP Financing in India



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

For facilitating SCP financing in India, there is a strong signal from the policy side, emphasizing on sustainable banking and finance. They are assessing banks performance through the lens of climate risk. The Finance Ministry of India has a lot of positive linkages with SCP and the industry is moving towards more EE goals. Moreover, the industrial players understand the values that SCP and SDG 12 creates, and they need to work to bring everyone up to par so everyone can benefit. But there is a cost to sustainability and that cost needs to be lower. Policy and blended finance enhance the ability for MSMEs and other organizations to adopt.

## Closing Remarks



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

This session covered public and private financing. Governance and the policies that are required and how to ensure that we build capacities at the grassroots. We cover the challenges that public and private finances face when it comes to funding MSMEs and funding SCP.



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

Dr. Menon thanked the EU to support the SWITCH-Asia since 2007 to manage SCP in Asia Pacific. As all nations set targets like green deal, net-zero, the need is to look at how finance and how different business models can impact SCP. On the production side, regulators can provide finances so that SMEs can move forward from the primitive technologies. On the consumption side, the focus is more on bettering the quality of life and increase affordability , all of which aligned to sustainable consumption and SDG's.

Snapshots of the Event



**Mobilise investment - Addis FFD 2015**  
**"From billions to trillions"**

- the challenge is to direct a larger share to developing countries:
- replicate and scale-up EFSD guarantees under EFSD+

**EUR 253,000 bn**

**Total client assets in**

- Pension funds
- Insurance companies
- Sovereign wealth funds
- Private investors

EFSD+ EUR 53bn

Source: PaC

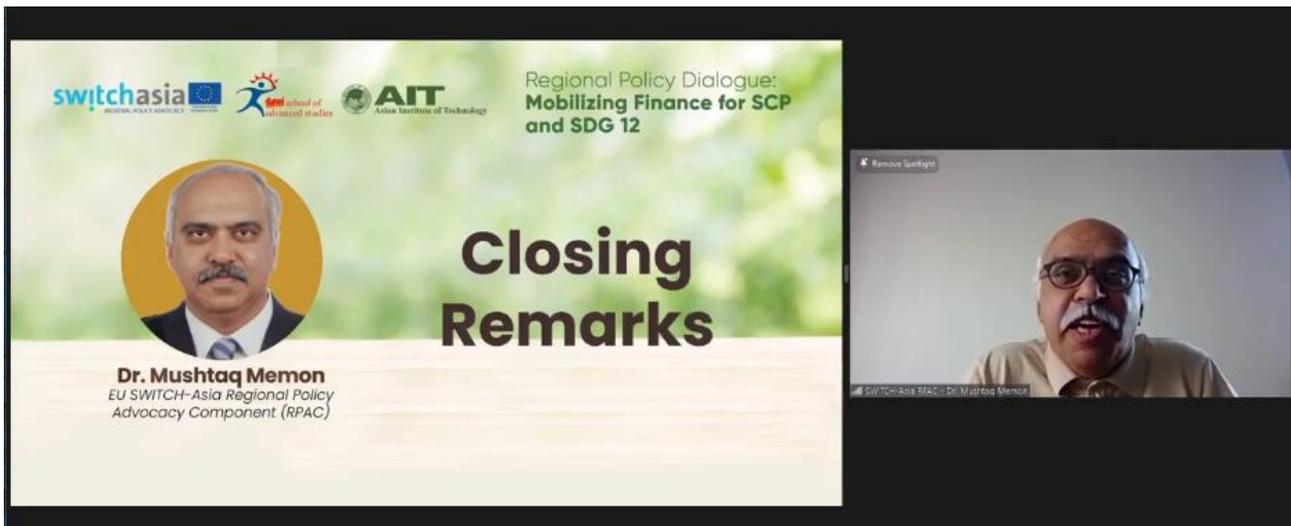
European Commission

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**Annex:**

**Annex 1: The Final agenda**

Time	Programme
14:30-14:40 (GMT+7)	<b>Welcome Remarks</b> <i>Prof. Prateek Sharma</i> <i>Vice Chancellor, TERI SAS</i>
14:50-15:05 (GMT+7)	<b>Keynote Speech, Imperatives for SDG Financing: Prospect of Sharing Risk with the EU</b> <i>Mr. Paulus Geraedts</i> <i>Directorate-General for International Partnerships, European Commission</i>
15:05-15:20 (GMT+7)	<b>Presentation from TERI SAS: State of Sustainable Financing from Asian Economies – Country Experiences</b> <i>Dr. Ria Sinha</i> <i>Adjunct Faculty – TERI SAS &amp; Senior Fellow, Indian School of Development Management (ISDM)</i>
15:20-16:20 (GMT+7)	<b>Session I: Panel Discussion – Enablers for Mobilizing Finance for SDG 12 in Asian Economies</b>
	<b>Facilitator</b> <i>Mr. Sumantra Sen</i> <i>CEO, Canvest Infracapital Inc.</i>
	<b>Market Perspectives on Financing SDG 12</b> <i>Dr. Dhruva Purkayastha</i> <i>Director of US-India Clean Energy Finance, Climate Policy Initiative</i>
	<b>Business Model Innovation for Mobilizing Finance for SDG 12</b> <i>Dr. Shilpi Kapur Bakshi</i> <i>Vice President, Environmental Management Centre LLP</i>
	<b>Policy Support for Financing SDG 12</b> <i>Dr. Ji Xi</i> <i>Associate Professor, School of Economics, Peking University (PKU), China</i>
	<b>Fintech as a Key Enabler for Financing SDG 12</b> <i>Prof. Geoffrey Williams</i> <i>Professor and Deputy Vice Chancellor (Research and International) at City University, Malaysia</i>
	<b>Fintech as a Key Enabler for Financing SDG 12</b> <i>Mr. Utpal Chakraborty</i> <i>Chief Digital Officer, Allied Digital</i>
16:35-17:35 (GMT+7)	<b>Session II: Panel Discussion – Country Specific Experiences in Financing SCP Initiatives: Evidence from Financing Institutions</b>
	<b>Facilitator</b> <i>Dr. Fawzia Tarannum</i> <i>TERI School of Advanced Studies, New Delhi, India</i>
	<b>Key Perspectives on Financing Sustainable Agriculture in Cambodia</b> <i>Dr. Ancha Srinivasan</i>

	<i>Principal Climate Change Specialist and Climate Change Focal Point for Southeast Asia, Asian Development Bank, Thailand</i>
	<b>Private Sector Financing for Sustainable Initiatives in Nepal</b> <b>Mr. Dinesh Dulal</b> <i>Head Sustainable Banking, NMB Bank, Nepal</i>
	<b>Financing Energy Efficient Interventions in Bangladesh</b> <b>Ms. Mafruda Rahman</b> <i>Director, People's Institute for Development and Training</i>
	<b>Innovative Mechanism for SCP Financing in India</b> <b>Mr. Abhejit Agarwal</b> <i>Deputy Vice President, Sustainability &amp; CSR, Axis Bank, India</i>
<b>17:30 – 17:45 (GMT+7)</b>	<b>Closing Remarks</b> <b>Dr. Fawzia Tarannum</b> <b>Dr. Mushtaq Memon</b> <i>EU SWITCH-Asia Regional Policy Advocacy Component (RPAC)</i> <b>Dr. Ria Sinha</b> <i>Adjunct Faculty – TERI SAS &amp; Senior Fellow, Indian School of Development Management (ISDM)</i>
	<b>END of Programme</b>

**For more information**

SWITCH-Asia event page:

URL: <https://www.switch-asia.eu/event/finance-policy/>

**Contact SWITCH-Asia Regional Policy Advocacy Funded by European Union**

Implemented by United Nations Environment Programme, Asia and the Pacific Office

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