

**International Climate Change Conference  
Just & Affordable Transition Toward Net Zero  
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Breakout Session: Sustainable Finance

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# Pandemic Impact

## Global (SDG Report 2021)

- Extreme poverty rate rose for the first time in over 20 years, 119 to 124 million people were pushed back into extreme poverty in 2020. The global poverty rate is projected to be 7% in 2030.
- SDG 3: The pandemic has halted or reversed progress in health and shortened life expectancy;
- SDG 8: The pandemic led to the loss of the equivalent of 255 million full-time jobs;
- SDG 13: In 2020, the global average temperature was at 1.2 C above the pre-industrial baseline;

## Indonesia (SDG Voluntary National Report)

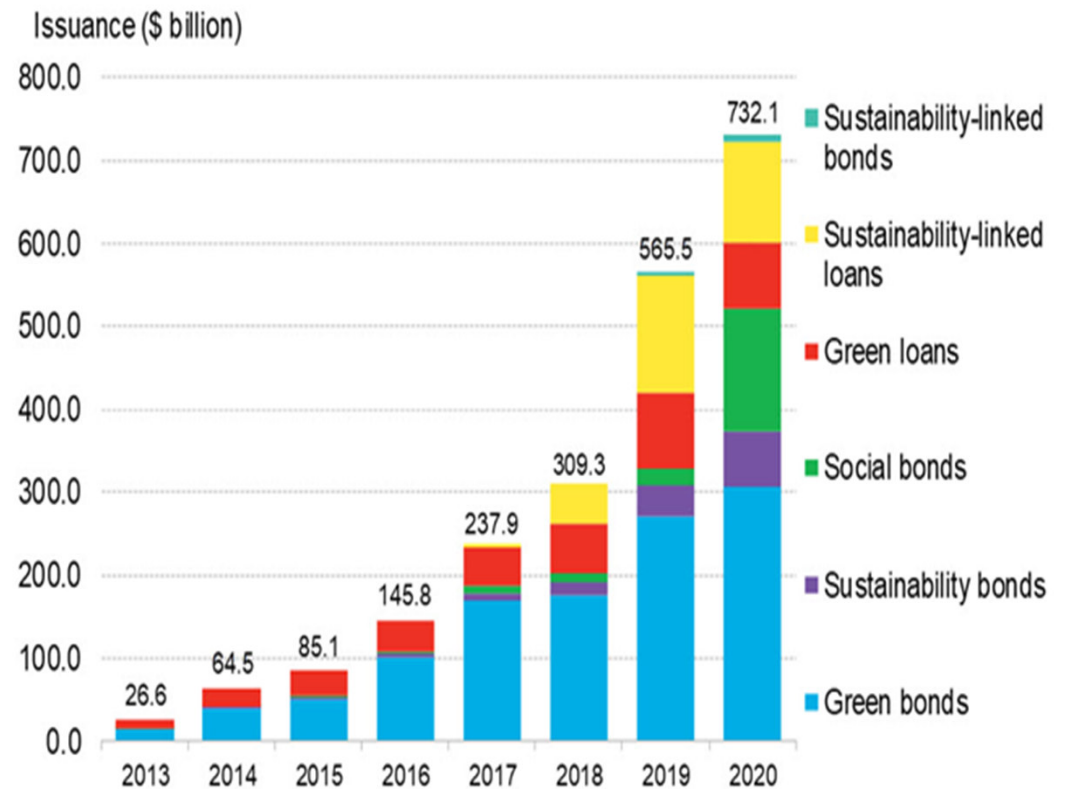
- The Pandemic has caused contraction in economic growth, from 5.02% in 2019 to –2.07% in 2020.
- Reduced income per head from USD4,175 in 2019 to USD3,912 in 2020;
- unemployment rate has increased from 5.23% in 2019 to 7.07% in 2020;
- Decline in greenhouse gas emission reduction from – 25.9% in 2019 to – 24.1% in 2021

# Sustainable finance as the solution?

Pre pandemic financing gap (high) = close to \$1 Trillion (2020-2030).

Green	Sustainability	Social
Blue	ESG	Affordable Housing
Climate	Green Innovation	Education, Youth and Employment
Climate Awareness	Positive Impact	Gender Equality
Climate Resilience	SDG	Healthcare
Environmental	Sustainability	SDG Housing
Green	Sustainability Awareness	Social
Renewable Energy	Sustainable Development	Social Housing
Solar	Sustainable Housing	Social Inclusion
Sustainability Awareness		Socially Responsible Investment
Water		Sustainable Development
Wind		University
		Wellbeing
		Women
		Women's Livelihood
		Pandemic
		COVID-19 Social
		COVID-19 Response
		COVID-19 Social Inclusion
		Fight COVID-19
		Vaccine

Figure 1: Global sustainable debt annual issuance, 2013-2020



Source: BloombergNEF, Bloomberg L.P.



# Developments in ASEAN

- Joint Statement ASEAN Finance Ministers and Central Bank Governors Announcement for joint effort by regulators across all finance subsectors on sustainable finance.
- Roadmap for ASEAN Sustainable Capital Market: 6 key drivers (i) corporate disclosures, (ii) institutional investors disclosures; (iii) sustainable and responsible fund standards; (iv) improving market access for sustainable products; (v) knowledge transfer & (vi) coordination.
- ASEAN Working Committee Capital Market Development Report: (i) Policy, (ii) Co-ordination, (iii) Awareness and Education, (iv) Supply & Demand
- [ASEAN Green, Social and Sustainable Bond Standards](#). Over \$12 billion issuances, of which more than half are in local currency.
- Latest initiative in ASEAN Taxonomy to attract foreign capital



# Food for thoughts

- We need collaborative effort to meet commitment in Paris Agreement to limit global warming to below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.
- What role can sustainable/climate finance play in pandemic recovery?
- What role does sustainable (climate) finance has to support just and affordable transition?
- What are the constraints and challenges faced by issuers and investors?
- National and ASEAN standards, complimentary or mutually exclusive?
- What role does regulators (banking and capital market) have to promote sustainable finance (market development, use of monetary policy?)



**Thank you**



# Example of Sustainable-Linked Bonds

Issuer (business sector)	Issuance info / date	SPTs	Change in bond characteristics
Korian (Care and Support Services)	EUR173 m 8-y / June 2020 ( <i>Euro PP</i> )	<p>Until 2023:</p> <ul style="list-style-type: none"> <li>Achieving ISO 9001 certification across all its facilities in Europe</li> <li>Doubling the proportion of staff members participating in qualifying trainings</li> <li>Reducing direct and indirect CO2 emissions.</li> </ul>	Step-up/step down by up to 20bp
Suzano (Pulp and Paper)	USD750 m 11-y / September 2020 ( <i>via its Austrian entity</i> )	GHG emissions intensity reduction equal to or less than 0.190 tCO2e/ton produced calculated as the average of years ended 2024 and 2025, which is equivalent to an estimated reduction of 10.9% from the 2015 baseline	Step-up at 25bp
Novartis (Pharma)	EUR1.85 bn 8-y / September 2020	By 2025, reaching the “2025 Patient Access Targets”, i.e. 200% increase in Strategic Innovative Therapies Patient Reach as well as 50% increase for the Flagship Programs Patient Reach in low- and middle-income countries	Step-up at 25bp
Chanel (Luxury)	EUR600 m (6-y and 11-y) / September 2020	Decreasing Chanel’s own (Scope 1 and 2) emissions by 50% by 2030, decreasing the supply chain emissions (scope 3) by 10% by 2030, and shifting to 100% RE for own operations by 2025.	Redemption payment to increase by 50% for 2026 and 75% for 2031 tranche
Enel (Energy)	GBP500 m 7-y / October 2020	To achieve at least 60% renewable installed capacity (of the total installed capacity) by the end of 2022.	Step-up at 25bp
Hulic (Real Estate)	JPY10 bn 10-y / October 2020	<ul style="list-style-type: none"> <li>Achievement of RE100 by 2025</li> <li>Completion of a fire-resistant wooden commercial facility</li> </ul>	Step up at 10bp