



# Fifteenth South Asia Economic Summit (SAES XV) Unleashing an equitable green transformation in South Asia

**Kathmandu | 11-13 December 2024**

## Plenary: Green finance post COP29: Pathways for delivery

Date: 13 December 2024

Time: 09:00-11:00

Green finance plays a crucial role in advancing sustainable development in South Asia, a region facing significant environmental challenges and economic growth pressures. By directing financial resources toward sustainable projects, green finance can facilitate the transition to a low-carbon economy, enhance resilience to climate change, and promote inclusive growth. Mobilizing green finance is particularly significant in South Asia due to the region's vulnerability to climate change and the pressing need for economic growth.

However, South Asia faces numerous challenges in mobilizing green finance. These include a lack of awareness and understanding of green finance concepts, limited access to capital, and insufficient regulatory frameworks. For instance, while India has made strides in green bond issuances, it still lags behind other emerging markets in terms of the volume and diversity of green financial products. Similarly, other countries in the region are in the early stages of developing green finance strategies. Although there is potential for instruments like green bonds and loans, progress is hindered by limited domestic capacity and fragmented regulatory environments.

Developing countries placed high hopes on the Twenty-Ninth Conference of the Parties (COP29) to address their climate financing needs. While COP29 pledged to increase financing to USD 300 billion annually, this amount remains a fraction of what countries had aspired to raise for climate finance. Nevertheless, COP29 led to agreements on the final building blocks for operationalizing country-to-country carbon trading and a carbon crediting mechanism. These developments offer hope for expanding sources of financing for green pathways.

There are substantial opportunities for growth in green finance within the region. The combined potential for green investments in South Asia is estimated to be in the trillions of dollars, driven by the need for renewable energy, sustainable agriculture, and climate-resilient infrastructure. Governments and financial institutions increasingly recognize the importance of integrating environmental, social, and governance (ESG) criteria into their operations, which enhances sustainability and attracts international investment.

To capitalize on these opportunities, South Asian countries need comprehensive green finance strategies. These strategies should include clear definitions of "green," robust regulatory support, and frameworks to encourage green financing. Engagement with stakeholders across the financial ecosystem—governments, the private sector, civil society, and international organizations—is essential to creating a conducive environment for green investments. Additionally, countries must understand how to fully utilize carbon markets to create sustainable financing pools.

This session will examine various aspects of green financing in South Asia, guided by but not limited to the following questions:

- What is the state of play for green finance in the post-COP29 era, and how swiftly and effectively can it be mobilized?
- What instruments and sources of green financing would be most suitable for South Asia?
- Which specific sectors in South Asia could benefit most from green finance, and how can investments be effectively directed there?
- How can governments enhance regulatory frameworks to support the growth of green finance?
- What best practices from other regions can be adapted to enhance green finance initiatives in South Asia?