

## World Environment Day 2018 Event Harnessing Green Bonds for Infrastructure Investment



Chandrashekar Iyer (2<sup>nd</sup> from right), Managing Director, Meghraj Capital, India, takes part in a panel discussion about Sustainable Finance organized by UNEP, FICCI and Climate Bonds Initiative. Members of the panel included (L-R) Dr P C Maithani (Ministry of Renewable Energy), Samir Ashta (CLP Power) Suresh Darak (L&T Financial Services), Neha Kumar (CBI), Chandrashekar Iyer (Meghraj Capital) and Dr Arunabha Ghosh (CEEW)

### **1-5 June 2018, India**

Ministry of Environment, Forest and Climate Change (MoEF&CC), Government of India, organised a conference from 1-5 June as a part of the World Environment Day (WED) 2018 event. The event was managed by Federation of Indian Chambers of Commerce and Industry (FICCI)

During the event, Chandrashekar Iyer, Managing Director, Meghraj Capital, India, participated in a panel discussion about Sustainable Finance organized by UNEP, FICCI and Climate Bonds Initiative. The discussion was conducted between 2.00-5.00 PM on Sunday, 3 June at Vigyan Bhawan, New Delhi based on the following theme:

### **Harnessing Green Bonds for Infrastructure Investment**

India, even though a late entrant and a nascent market for green bonds, was among the top ten in 2017. Its total of 18 green issuances as of December 2017 cumulatively amount to USD 6.2 billion since the first one in 2015. Globally, the issuance reached USD 160.8 billion, led by China, the US and France who account for 56 percent of the global issuance.

Green bonds have emerged as an effective financing mechanism for channeling capital to green projects and can help tap the USD 3 trillion investment opportunity in energy, infrastructure such as sustainable transportation, green buildings and climate smart agriculture, all of which have a substantial climate and social footprint and are also the focus of government's priorities.

The green bonds market in India has been dominated by offshore issuances in renewable energy and by public sector units. While the large players will continue to play an important role, the scale will not be achieved unless small scale utilities and the corporate sector step up and are able to tap the capital markets. Equally, mitigation efforts have to be complemented by a massive investment in resilience and adaptation be it agricultural productivity or urban sustainability. Notably, domestic investor awareness and sentiment towards green investment remains sluggish at best and international green capital flows into India need to diversify and accelerate. While guidelines on green bonds by SEBI are a timely and required step, a detailed commonly understood national framework, appropriately benchmarked against international standards currently doesn't exist to identify, screen and whet green investments.

The session deliberated on key lessons from the developing green bond market in India, emerging opportunities and key systemic gaps that need policy and market intervention to help scale up international and domestic investment flows exchange ideas on specific measures required to lower risks and cost of capital like credit enhancement mechanisms, market innovations like green securitisation and aggregation, the need for developing investible pipelines in diverse sectors, the role of states and cities in using this mode to access finance, fiscal and non-fiscal measures to incentivise issuers, domestic and international investors.