Reinventing Finance for Sustainability and Inclusion: 4th Asia Finance Forum Conference Proceedings

20–22 June 2022 (virtual)

Contents

Introduction

The 4th Asia Finance Forum, organized by the Asian Development Bank in coordination with the G20 Indonesia, aims to bring together policymakers, financial sector supervisors, regulators, and financial institutions, academia, and financial sector experts to discuss the latest trends in sustainable finance and innovations to support financial inclusion.

The forum focused on the following:

- innovative use of green, blue, and climate financing instruments and business models that can drive investments towards a net zero economy and enable their deployment at scale;
- new developments in sustainable finance and innovations driving financial inclusion, including micro, small and medium-sized enterprises, agricultural finance, and affordable housing;
- the role of governments and multilateral development banks in supporting sustainable, climate-resilient infrastructure development that reduces the risks and vulnerabilities of climate change; and
- raising climate change awareness and digital financial and risk literacy.

With more than 700 registrants, the forum brought together finance sector regulators and supervisors, industry players, academia, and topic experts from 36 Asian Development Bank developing member countries to discuss how to integrate sustainable development and social and economic inclusion into financial decision-making.

Abbreviations

ADB	–	Asian Development Bank
CO2	–	carbon dioxide
COP26	–	2021 United Nations Climate Change Conference
COP27	–	2022 United Nations Climate Change Conference
COVID-19	–	coronavirus disease
ESG	–	environmental, social, and governance
GFANZ	–	Glasgow Financial Alliance for Net Zero
JETP	–	Just Energy Transition Partnership
MDB	–	multilateral development bank
PPP	–	public-private partnership
SDG	–	Sustainable Development Goals
SME	–	small and medium-sized enterprise
TCFD	–	Task Force on Climate-related Financial Disclosures

Foreword

Meeting the 2050 net-zero international climate goals all while expanding financial inclusion is a tall order. Indeed, it calls for vigorous effort to innovate and even reinvent financing that can raise the trillions of dollars needed to create needed technologies and policy, and provide the financial support for vulnerable communities that will inevitably bear the most impact.

For now, international effort falls well short of ambition. Nonetheless, the 4th Asia Finance Forum of June 2022 tapped an impressive roster of policymakers and central bankers, investors, financial institutions, and fintech companies to advance the cause. I thanked all the speakers and participants for their outstanding contributions particularly the organizing team led by Arup Chatterjee, Principal Financial Sector Specialist, together with Thomas Kessler, Principal Financial Specialist; Lisette Cipriano, Senior Digital Technology Specialist; Sung Su Kim, Senior Financial Sector Specialist; Yoonhee Kim, Financial Sector Specialist; Yonghwi Kwon, Financial Sector Specialist (Digital Payment); Raquel Borres, Senior Economics Officer; Katherine Mitzi Co, Associate Operations Analyst; Matilde Cauinian, Operations Assistant; and ADB consultants John Owens, Georg Caspary, Evangeline Medina, and Michelle Visaya. Experts in their fields hashed out new ways to achieve environmental sustainability and inclusion, the theme of the annual gathering, and formed new partnerships they will need to implement them. Participants stressed the critical role markets and the private sector must play. After all, financial institutions, investors, and fintech companies can best mobilize and efficiently allocate resources to our goals and put a price on climate risks that spur broader action.

Yet, with equal urgency, the conference underscored the role that development institutions can and are filling to provide and catalyze needed financing. Climate finance engenders a significant and inherent risk of failure that leaves private sources hesitant and less than forthcoming. Institutions including the Asian Development Bank are well placed to help catalyze the roles of the private sector and encourage the private sector participation through policy advice, capacity development, regulatory support, financing approaches and instruments and the like, effectively crowding in private finance. They can help develop new business opportunities and find solutions to lower financing costs and credit risks on climate-related projects and programs.

The conference looked at innovative use of green, blue, and climate financing instruments and business models that can drive investments towards a net zero economy and enable deployment at scale. It stressed climate-resilient infrastructure development that reduces risks. And it called for raising not just climate change awareness, but also digital, financial, and risk literacy to help sell the new ideas that will emerge to solve the problems.

Throughout, participants considered the new developments in sustainable finance through the lens of financial inclusion. They looked at how innovations could bring financial solutions, especially in digital finance, to vulnerable individuals as well as the small enterprises and agribusinesses they tend to work in.

Solutions to complex problems are built on myriad and strong partnerships in both the public and private spheres, with institutions, commercial interests, and financial markets playing a part. We are confident that the following highlights of proceedings at the 2022 Asia Finance Forum can help flesh out the partnerships and new understandings formed to achieve sustainable and inclusive finance.

Junkyu Lee
Chief of Finance Sector Group
Asian Development Bank

Day 1: 20 June 2022

Welcome Remarks

Woochong Um
Managing Director General
Asian Development Bank

Excellencies, ladies and gentlemen, distinguished guests, good morning, good afternoon, good evening. It is my pleasure to welcome you to the fourth Asia Finance Forum, this year focusing on the theme: Reinventing Finance for Sustainability and Inclusion. The impressive turnout of policymakers regulators, supervisors, central banks, investors financial institutions, fintech companies, and academia from around the world shows that sustainable finance is going mainstream and we all have a part to play in it.

I extend my special advance thanks for your important contributions to this topical dialogue on climate-related financial risks and the financial instruments to help vulnerable people prepare for climate shocks and recover from them when they happen.

Asia and the Pacific produces half of global greenhouse gas emissions and is home to the largest emitters. Compared to the global average, temperatures are rising twice as fast here, risking more frequent and severe weather-related disasters. This is a challenge, of course, but it is also an exceptional opportunity.

For managing physical and transition risks, central banks, regulators, and the financial industry need to strengthen and harmonize regulation, data, disclosures, and taxonomies. We must redirect scarce financial resources to low-carbon and clean energy activities. For the financial sector to play this enabling role requires developing comprehensive reforms. These include regulatory capital and solvency, proper disclosure of climate risks, offsetting measures to protect the environment and vulnerable populations, and green and blue investments. Investing in adaptation is equally important.

Efforts at climate financing, although increasing, fall far short of what is needed. The role of markets and the private sector is critical to mobilizing and efficiently allocating resources, while putting a price on climate risks. The risk of market failure in climate finance underscores the important role for development institutions to provide and catalyze the needed financing. This will have to be built as a strong partnership with the private sector and financial markets.

ADB, as the climate bank for Asia and the Pacific, is proud to be leading the fight against climate change. This forum is an important step in mobilizing broad support from Asia's banks and financial institutions, capital markets and the insurance industry to drive developments in sustainable finance and for building back better. By investing in an economy based on low carbon technology and resource efficiency we can boost job creation, productivity, and people's welfare in our region.

To tackle the challenges ahead and seize opportunities enroute to a more sustainable, resilient, and inclusive future, allow me to highlight how ADB is stepping up its work and playing a central role in the fight against climate change.

First, ADB along with other multilateral development banks, has committed to aligning its operations with the objectives of the Paris Agreement. We are finalizing the methodology for Paris Alignment and once operational, it will help ensure our financing promotes low-carbon and climate resilience objectives.

Second, we are supporting our members through policy advice for strengthening the wider enabling environment. We are identifying financial stability risks through regulatory reforms and addressing data gaps for building resilience solutions by providing climate risk data, long-term capacity development of financial institutions, and raising climate change awareness. Recently, we approved a climate change policy-based loan to support the Philippines in its adaptation and mitigation efforts.

Third, we are identifying new business opportunities on the transaction side. We are supporting climate-resilient infrastructure development to reduce risks and vulnerabilities to climate change, through several innovative initiatives. This includes crowding in institutional investors who can pilot a new range of blended finance instruments. This can play a catalytic role in lowering risk and enhancing profitability to attract private sector participation and capital for these initiatives. Some of the new lending facilities for concessional funding significantly lower borrowing costs and support financial sustainability and drive financial inclusion. In addition, more proven financial instruments are being deployed, such as first loss tranches, concessional capital, credit guarantees, blue credits, and purchases of blue carbon credits generated by a project.

Fourth, financial markets are fully embracing the green agenda, but they are still behind the curve when it concerns blue finance. Last year, ADB issued its debut blue bond, advancing its ambitious plan to build sustainable blue economies and to use the financial markets to scale up ocean solutions.

Fifth, for seizing financial innovations, new technologies and digitalization could efficiently address new climate change obstacles and make real progress in developing climate resilience and ensuring equitable access to finance. ADB Ventures is promoting investment in innovative, venture-stage solutions, unlocking our region's enormous potential to scale technology for climate impact.

Helping small business, small farmers, and low-income households build resilience and to mitigate and adapt to emerging climate change impacts is an essential element of green and inclusive finance. Some innovative examples where ADB has supported its members include weather index insurance helping small farmers insure against unpredictable rainfall; and access to microloans to help poor households build better and more secure housing.

Appropriate savings products can help the rural poor smooth their financial needs during droughts. E-money-supported transfers and remittances help families in coastal areas migrate away from rising sea levels. New peer-to-peer trading platforms allow sharing of solar power with poor rural communities.

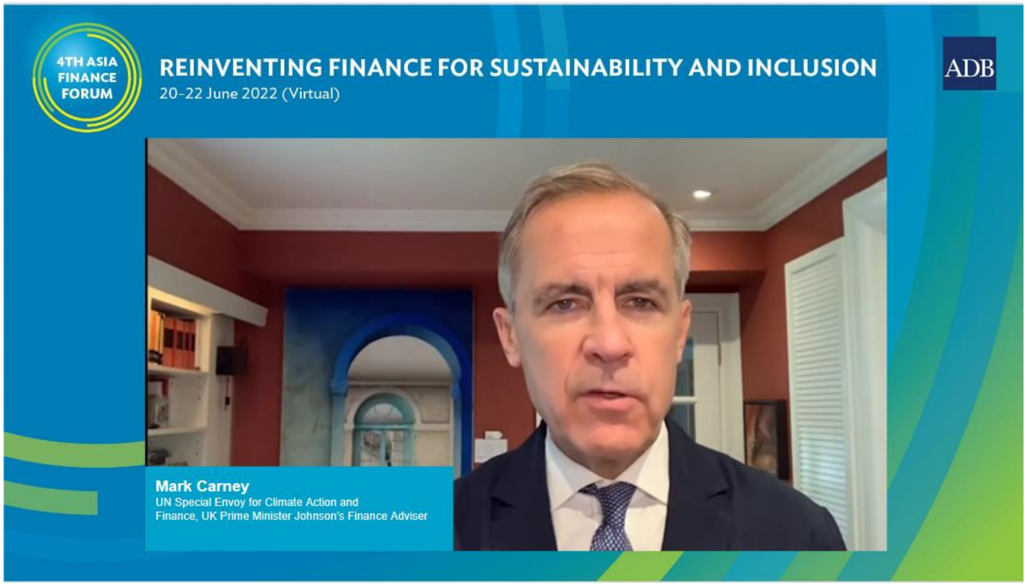
Our forum over the next three days is an important step toward integrating the principles of sustainable development and social and economic inclusion into financial decision-making. A delayed or disorderly climate transition could magnify the risks to the financial system. It is great opportunity to gain a more holistic understanding of the implications of climate change for the global financial system and financial stability, and ways to scale up private financing to mitigate climate risks.

This forum can provide a frank exchange of ideas for dealing with the challenges governments, businesses, and households face. It can help prioritize our collective immediate vs. medium-term priorities.

Thank you and all the very best.

Keynote Address

Mark Carney
UN Special Envoy for Climate Action and Finance, UK Prime Minister Johnson's Finance Adviser



Good morning. I'd like to thank the Asian Development Bank and the Government of Indonesia for convening this event, and extend my deepest appreciation to all the colleagues and partners that are gathered here today for your timeless and essential climate leadership.

We're gathering at a critical juncture for climate. We're meeting halfway between the COP26 in Glasgow and COP27 in Egypt. And we're already a quarter of a way through what must be the decade of delivery for the net-zero transition. In other words, the stakes couldn't be higher, particularly in the Asia-Pacific region, where climate change poses a profound set of risks to our economies, businesses, livelihoods, and threatens, in some cases, to undo decades of gains in development and human welfare.

To address climate change, the world needs a sustainable revolution at the scale of the Industrial Revolution, and at the pace of the digital transformation. So, it's no small task. But to this end, finally, 140 countries comprising over 90% of global emissions have committed to net-zero. One of the triumphs of the last few years is those commitments. And these commitments are now cascading down to thousands of the world's leading companies and the best in the financial industry that serve them.

As in so many things, the Asia Pacific region will determine whether or not the world succeeds in this quest. Asia is responsible for more than 50% of the world's emissions and that share will only rise in the near term. Asia is home to billions of people that will be most exposed to the impacts of unmitigated climate change. Crucially, Asia is home to many of the solutions, a leader in green technologies, a store of enormous nature-based solutions, a host of innovative financial markets, and most fundamentally possessing the entrepreneurial spirit and the financial resources that are needed to drive change.

Of course, money is no good if it's sitting in a bank. It needs to be put to work. And that's why the world's leading financial institutions have banded together in the Glasgow Financial Alliance for Net Zero (GFANZ). We now number over 500 of the world's largest insurers, banks, asset owners, and asset managers from 45 countries, controlling balance sheets of over $130 trillion. That's 40% of the world's private financial assets. Those assets are committed to be managed, and specifically to manage the finance emissions. In other words, emissions of portfolio companies on a pathway to net-zero consistent with limiting global warming to 1.5 degrees. GFANZ members have committed to use science-based guidelines across all emissions scopes, and to set interim targets that represent a fair share of the 50% decarbonization required by 2030. And they're developing net-zero transition strategies with a commitment to report on their progress annually.

GFANZ is harnessing the power of finance to address climate change, but to succeed, it needs even greater participation, greater guidance and leadership from Asia. Let me signal out two critical areas. First, the world needs a common architecture for the net-zero transition. That's why on June 15, GFANZ released for public consultation the main components of that framework, namely recommendations and guidance on Financial Institution Net-zero Transition Plans. This element of the consultation is open until the 27th of July. Secondly, we need guidance on sectoral pathways for financial institutions. So, in other words, what is the pace at which emissions are reduced in the steel sector, in the maritime sector, in technology areas? Thirdly, what do we expect from companies? In other words, guidance for so called real economy transition plans. We should have a similar ask from across financial institutions to companies that we serve. Fourth, we need a framework that brings these together. In other words, who assesses the degree with which our portfolios are aligned with the trends of transition, and we put out a concept note that addresses that. And finally, and crucially, we need an approach that promotes the managed phase out of high emission assets—assets that will be stranded but are part of, and must be part through a managed phase out, responsible phase out, of a just transition.

Taken together these buildings blocks will help get capital to companies with credible plans to reduce their emissions in line with the Paris accord, and it will support that orderly phase out of stranded assets. Critically, the degree and pace of those transitions will vary by region and by the level of development of countries. In this regard, the variety and diversity of Asia is particularly marked. That's why we need Asian engagement and support.

I said I wanted to flag two areas. And the second is as important as this framework if not more. There are enormous financial resources in GFANZ. But we need a radical new approach. And I use that term advisedly, a radical new approach to mobilizing private capital and investment in emerging and developing economies. Specifically, GFANZ has called for new country platforms that deploy blended finance at scale and with high multipliers, something our co-host the Asian Development Bank is very familiar with. We need this form of blended finance. We need to connect private finance with ambitious country nationally determined contributions or climate strategies. We need to channel technical assistance and manage the wind down of stranded assets such as coal generation.

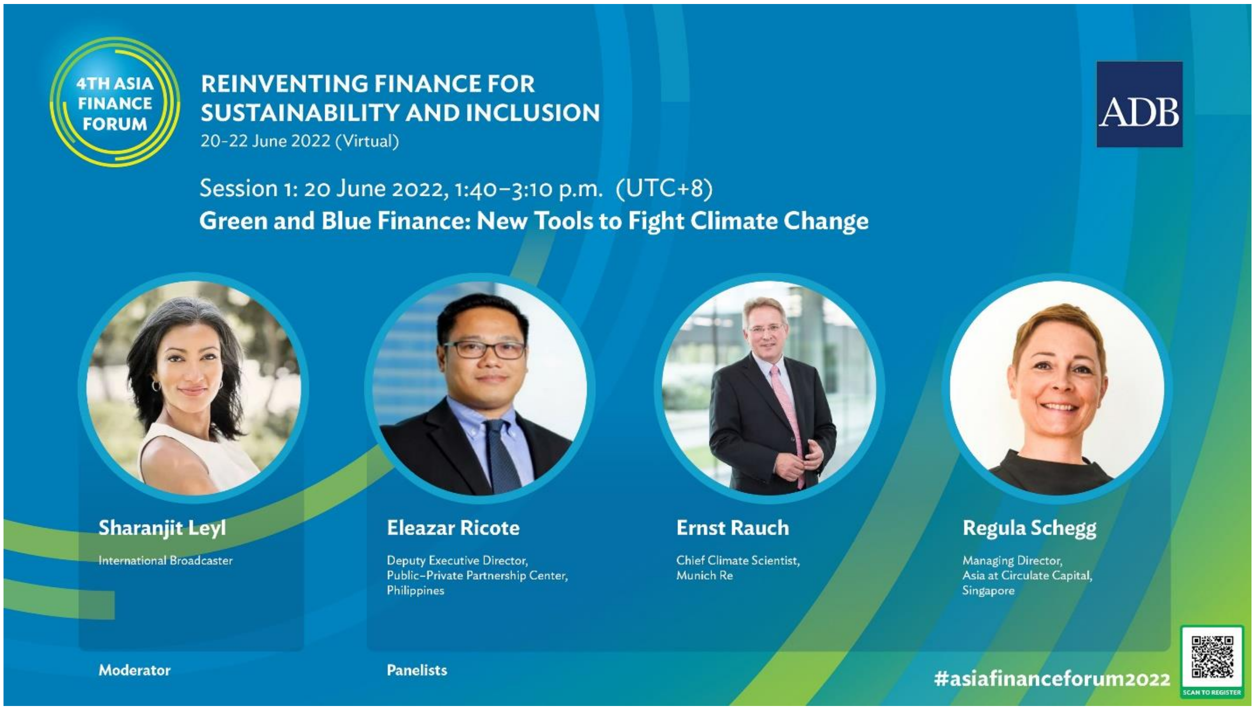
In all these regards, we welcome the launch of new Just Energy Transition Partnerships (JETPs). And we also welcome other country-tailored efforts that finance the global transition. We're dedicating, as part of GFANZ, significant resources to support private sector mobilization directly into these JETPs, and through the Climate Finance Leadership Initiative and fast infrastructure. Our highest priority is to translate those high-level ambitions into tangible action, and real net-zero aligned transactions.

It's essential that net-zero finance generally and GFANZ specifically accounts for regional differences. GFANZ's focus on mobilization is complemented by our wider work to engage financial institutions and policymakers across every region. That's why earlier this month, we launched our first regional network, GFANZ Asia Pacific Network. We established a physical presence in the region. You'll hear at this forum from our dedicated director, Yuki Yasui. Yuki will coordinate our offices across the Asia Pacific region, and she'll help ensure that GFANZ incorporates your feedback into our outputs. GFANZ's work in Asia Pacific will be informed also by our regional Senior Advisory Board, chaired by Ravi Menon, the Head of the Monetary Authority of Singapore and the Chair of the Network for Greening the Financial System. I'm delighted that Woochong Um, the Managing Director General of the ADB, will join Ravi, as well as Hiro Mizuno and President Jin of the Asian Infrastructure Investment Bank, and the CEOs of the Singapore Exchange, and KB Financial Group. Mr. Um's depth of experience and tireless commitment to climate are invaluable. We're excited that he's going to work closely with the advisory board as it provides strategic direction, regional insights, and expert guidance to the network and to GFANZ.

We'll continue to work with Asian banks and asset managers and insurers who are in GFANZ to lead by example in target setting, in reporting, and implementing their commitments to net-zero. But we're also going to provide a platform to engage with our work on transition planning and net-zero finance for those financial institutions who are in Asian countries that have not yet committed to net-zero by 2050. This will support knowledge sharing and open dialogue to ensure a truly global sustainable transition.

At its heart, achieving net-zero is about ensuring that climate change is at the core of every financial decision. That way capital will flow to companies and countries that get emissions down. To be clear, the transition does not mean flipping a green switch; but it's about going to where the emissions are and helping to reduce them. In this way, finance can be a catalyst that accelerates what governments and companies initiate. We look forward to engaging the financial system, working with policymakers and regulators, as Asian financial institutions work to do just that. I extend the welcome of my co-chair Mike Bloomberg and vice chair of Mary Schapiro and all members of GFANZ to all organizations and partners who are connected and who wish to connect, to our work. And I thank those who are already helping us to develop the system that's essential for a sustainable future and inclusive and prosperous growth in Asia and therefore the world. Thank you very much.

Session 1: Green and Blue Finance: New Tools to Fight Climate Change



The opening plenary started with exploring green and blue finance and how these can be tools to fight climate change. The speakers highlighted a need for quantum leaps in greenhouse gas emissions reduction, particularly in Asia and the Pacific, where half of global emissions are produced. The plenary also noted that climate change threatens the ability of the financial sector to fulfill a range of its traditional roles. The range of potential actions discussed was broad and included the need to strengthen relevant regulations, climate-related disclosure, and moving beyond the global movement on carbon pricing towards the pricing of climate risks, among others.

The plenary highlighted the role of multilateral development banks (MDBs) in catalyzing relevant financing at the levels of policy, advisory, capacity development, and regulatory support. It also looked at their role in development of new business opportunities on the transaction side, including finding solutions to lower lending costs on climate-related projects and programs. It addition, it looked at how they can support innovation on new instruments, notably in emerging environmental fields, such as blue bonds, to counter the crisis facing our oceans.

Session 1 highlighted the impacts of environmental problems such as climate change, pollution, and overfishing, which require massive capital to finance ways to reduce pressure on ecosystems and communities. The panel discussed that the current financing gap in green and blue finance in Asia is due to several challenges to investors in scaling financing towards both and addressed a range of solutions for closing this gap.

This included the role of institutional investors, such as in conceptualizing and piloting new green financial instruments including green, blue, climate, mitigation, or carbon bonds, and tapping capital markets on this basis. It also included the need for collaboration with regulators in bringing these new instruments to market or how to build long-term capacity in financial institutions for ongoing innovation on such instruments.

Mr. Ricote discussed the financial innovation needed to build climate-resilient infrastructure investments via public-private partnerships. In the Philippines, for example, in the project development and monitoring facilities, ADB and the Philippine government created a pool of funds was. An international structured panel of firms from abroad then helped put together these projects and defined the best mix to finance these projects and marketed them to prospective private partners. In addition, the urban climate-change resilience fund specifically identifies climate disaster resilient projects and defines the best mix of financing the best public-private partnership (PPP) modality they could for this second project.

Finally, local stakeholders are heavily involved in the project to enable local governments and local communities to understand how this project structure and the financing mechanism can work for them, given these requirements. Also, platforms are supporting the PPP process, including market-sounding activities and regional dialogues representing project solutions and innovations. Such platforms, and venues established for them, allow government, the private sector, and financial institutions to get together and understand how they can coordinate a well-working financial ecosystem for climate-resilient infrastructure PPPs.

"Public-private partnerships could be a way forward for sustainable infrastructure if they involve adequately capacitated local governments and communities in defining project structures that work best for them." Eleazar Ricote

Mr. Rauch suggested governments team up with the private sector to have a parametric solution, meaning that weather parameters like wind speeds and rainfall amounts of certain levels trigger the payout of such a pool solution. The advantage certainly is that this payout typically happens within two weeks of a disaster so there is fast money flowing into these countries to help in the recovery phase. So if just single countries work on this, we need these collaborative efforts and regional pools to reduce the risk premium. This ought to be combined with tailor-made solutions at the country level. In an example of a recent climate-related insurance innovation, from Belize, the government issued a blue bond that runs until 2040. If a catastrophe hits the country, a so-called catastrophe insurance wrapper around this bond means insurance pays for the bond's interest payments, relieving the government of the need to repay the bond's interest and allowing it to focus on the aftermath of the catastrophe.

"To scale financial solutions in green and blue finance, regional collaboration and pools can bring down the risk premium. This has to be used in conjunction with innovative targeted solutions for individual countries and contexts." Ernst Rauch

Mr. Rarawa reflected on insurance schemes in the Pacific region, citing recent examples of natural disasters where the affected countries could not apply for existing insurance. He therefore highlighted the need for technical assistance with available insurance options, their fit with countries' needs, building appropriate databases for the regions, and mainstreaming relevant insurance approaches to them.

"Natural disaster insurance in an era of climate change requires (technical assistance) on available insurance options; country fit, and mainstreaming of relevant insurance approaches."
Denton Rarawa

Participants discussed the direct effect of green finance on the United Nations Sustainable Development Goals of the current global oil, gas, and electricity crisis, with skyrocketing energy prices and related devastating inflation. Obviously, these are all multiple challenges that the world faces now. So what impact is all of this having on green finance? Because the world has to fix so many other problems first, will green finance be prioritized in all the multiple challenges we face? Mr. Rauch answered that with all the challenges, we have to be aware that some are running on different timescales. We have the immediate crises of energy or supply chains, but, in parallel, also have other crises building up. The climate crisis, however, is already upon us. Therefore, we have to prioritize it, and an essential way of doing so is by emphasizing resilience, including financing solutions for resilience.

Mrs. Schegg built on the last answer by commenting that the higher the oil price, the more economical recycling becomes. Moreover, plastic recycling becomes economically attractive as the more pressure on the oil price, the more favorable the industry becomes in that sense. If we recycle material and do not leak or burn it, we can prevent significant greenhouse gas reduction. The current situation confirms that we need to move towards a circular economy where we use the material we have at hand, and an actual risk cycle and not downsizing but upcycling closed loop bottle to bottle.

"One way in which higher oil prices represent an opportunity is that it encourages the recycling of petroleum-based materials." Regula Schegg

Further discussion points included the following:

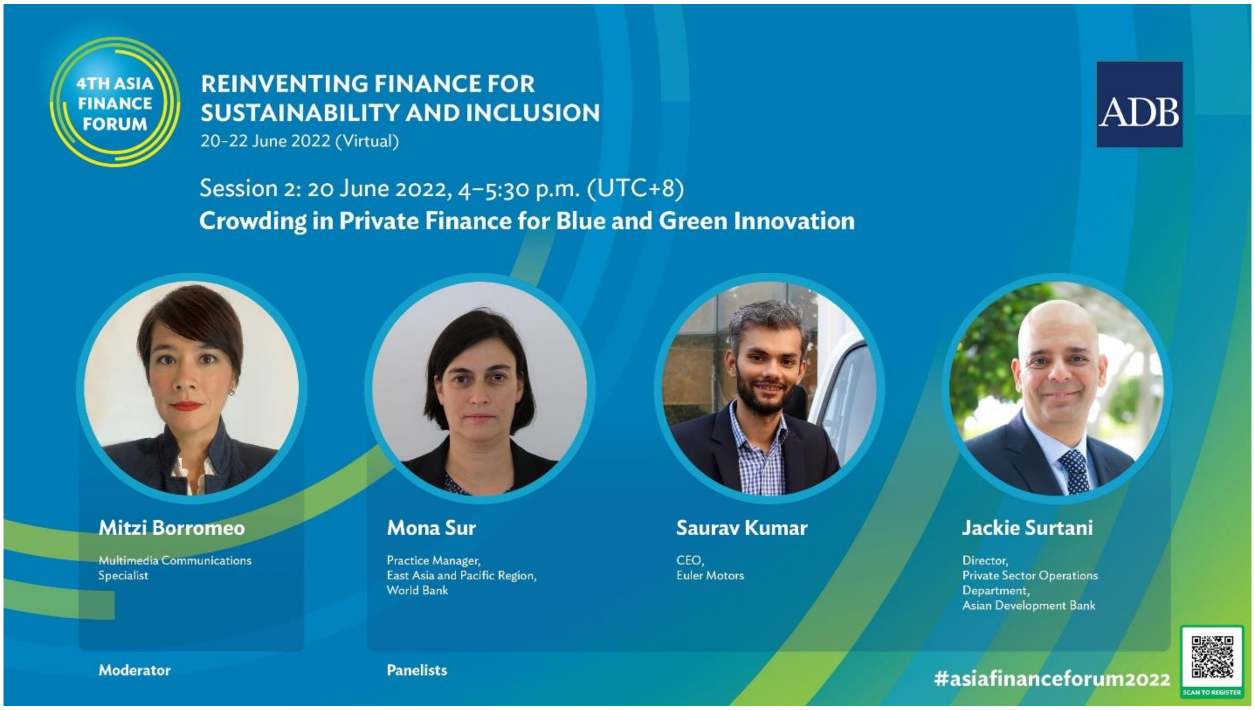
- Regulation can guide investors wishing to engage in the blue and green space, notably as far as environmental, social, and governance (ESG) rules are concerned.
- The need to align taxonomies on green and blue finance among different regions in order to facilitate green and blue financing activities across borders.
- To incentivize polluting industries to invest in changing those parts of their business models at the root of the problem, arguing that it was notably up to individuals, first and foremost, to question behavior and consumption patterns. In plastics, for instance, recycling is one behavioral change, but other options are replacement by other materials.
- To encourage small and medium-sized enterprises (SMEs) to participate in this green movement, especially knowing that SMEs represent the most significant number of companies in Asia. To participate in the shift to a blue and green economy, SMEs require access to capital and technical assistance. For younger, innovative companies, philanthropic or blended money is needed to grow to a stage where a venture capital or private equity firm would even consider them.

- Sustainable infrastructure can be de-risked, notably the “classic infrastructure finance risks” of cost overruns and delays. Mr. Rauch pointed out that the private sector would be willing to carry that risk if the risk premium were adequate and in line with the identified risk. Bottlenecks here mostly are disagreements about the level of risk between the project owner and the insurance company or that there is simply no money in the project funds. More transparency on the risks involved might help here to enable the transfer of some of the risk to the private sector. Unbundling to very specific components of operations, maintenance, and technology was mentioned as a solution.
- Investors can distinguish between the green and blue investments that will succeed and those that will not. Mr. Rauch stated that he would favor renewable projects which have a high chance of profitability, reduce emissions, and help small communities create an income and become less dependent on fossil fuels (while also improving their energy security by reducing the risk from fuel import disruptions). Mrs. Schegg stated that she would favor investments in the circular economy and finding a linear way of looking at resources.

Key messages under this session included the following:

- The specific financial innovation needs for small island states that are strongly threatened by climate change, mentioning specifically the green bonds or relevant swaps that governments in the region are already using or exploring.
- Circular economy financing to address the ocean plastics crisis includes recognizing that financial solutions alone are insufficient if producers and consumers of plastics do not follow suit through appropriate adjustments.
- There is need for innovative PPP solutions and pipelines of “climate change sensitized” PPP projects.
- The core role of the (re-)insurance industry in identifying and measuring climate-related risk and developing solutions by putting risk on its balance sheets that the private sector is unwilling to bear. Participants also mentioned that the reinsurance industry is an emerging investor in the innovative financing space for climate change, e.g., structuring catastrophe bonds and investing in them.

Session 2: Crowding in Private Finance for Blue and Green Innovation



Session 2 highlighted the role of multilateral development institutions as key actors for crowding in the private finance required to scale sustainable finance. The session discussed products, instruments, and finance facilities offered by multilateral focusing on crowding in private finance, notably to enable financing of the blue, green, or climate innovation discussed in Session 1.

Starting with the "traditional" area of investments in physical and social infrastructure, Mrs. Borromeo started the panel by shedding light on how to help us dig deeper into the crucial role of multilateral development institutions for crowding private finance into pressing sustainability issues. The discussion then moved on to risk management, new tools and blending approaches to mobilize climate finance, and the emerging area of support for pro-climate entrepreneurship and innovation. It dwelled on solutions provided by a few financial institutions beyond MDBs, including Islamic green finance (involving no interest in bonds), local currency solutions and support for local banks, and MDBs using their ability to act counter-cyclically during the recent pandemic. Mrs. Borromeo stressed the need to catalyze much larger investment volumes to achieve the SDGs. Given very real constraints on fiscal space and growth in foreign aid, she discussed various ways MDBs can drive this process and laid out examples. The discussion concluded the need for institutional capital from large institutional investors beyond MDBs and collaboration between these major players in developing relevant markets.

"Multiple multilateral development banks or MDBS can become major change agents in the private sector leading sustainable development." Mitzi Borromeo

In their initial remarks, panelists discussed the following:

Mr. Surtani explained how blue finance could produce results for ocean health and how MDBs can add value. He also touched on the debate about greenwashing and bluewashing and the ADB's use of independent experts for project evaluation.

He dwelled on the issue of replication of replicable examples, notably in recycling, which is crucial for building solid waste management systems in the region, given that the region has the highest rates of waste leakage into the oceans (contributing enormously to the world's ocean plastics problem).

"Multilateral development banks can add value through catalyzing replicable solutions in the region." Jackie Surtani

Mrs. Sur explained how its sustainable finance advisory services worked with various countries on sustainable finance products, including issuing thematic bonds such as green bonds in Fiji. She also dwelled on the provision of financial risk management by MDBs (such as various forms of guarantees or insurance or subordinated equity) to reduce the risk to the private sector of investing in green technologies.

"The MDBs provide advisory services to governments on developing standards, taxonomies, frameworks, regulations, and other building blocks to enable governments to build sustainable financial sectors." Mona Sur

Mr. Kumar illustrated the role of innovative private technology companies in driving sustainability, showing how his company (Euler Motors, a clean three-wheeler cargo vehicle) managed to cause a "sustainability shift" in India by developing and building light electric commercial vehicles. This is crucial for the region given that the vast majority of the world's most polluted cities are in the region, several of them in India. He also touched on how the ADB has invested in Euler motors, pointing to the strong potential for regional scaling. He stressed the need for green products adapted to the region's needs, like Euler Motors.

"In the region with the most polluted cities in the world, scalable cleantech products adapted to regional needs are crucial." Saurav Kumar

Mr. Surtani shared an example of financing for electric river ferries in Bangkok. He reflected on necessary green financial innovations by commercial banks, highlighting the recent ADB-supposed move to longer-term bonds for clean technology companies; and supporting the capacity to raise debt in local currencies. As one hurdle in the move towards spreading green finance in Asia, Mr. Surtani highlighted the different cultures with different regulations regarding financial innovations (e.g., Islamic Sharia financing for the green Sukuk in Indonesia.)

"If there is one thing that you learn from the Asian financial crisis is to try very much to raise debt in local currencies." Jackie Surtani

Further discussions highlighted, among other things:

- The role of collaborative innovation and partnerships toward a financial system that integrates sustainability. The panel then acknowledged the need for guidance on project eligibility criteria to have a clear overview of green and blue bond issuances.

- The question by an audience member, Ashari Ali, on how to prepare the workforce for the transition to low-carbon economies, notably through capacity building to enable them to work in these new industries.

- That regional and country-level strategies, such as those being developed during a regular collaboration between the ADB and regional governments, provide a key instrument to facilitate dialogue on blue and green finance between MDBs, country-level authorities, and the private sector.
- The continued dearth of good projects for blue and green finance. Mr. Surtani went as far as to argue that the biggest challenge for blue and green finance currently was not the lack of available capital but the lack of viable projects to be financed.

The session concluded on green finance principles, the role of MDBs in financing blue-green bonds, private sector initiatives toward global issues, sustainability in blue-green innovations, investment criteria for green projects, the importance of regional collaboration between governments and the private sector, emerging new areas for innovation, and the role of the ADB in the development of infrastructure markets in Asian countries.

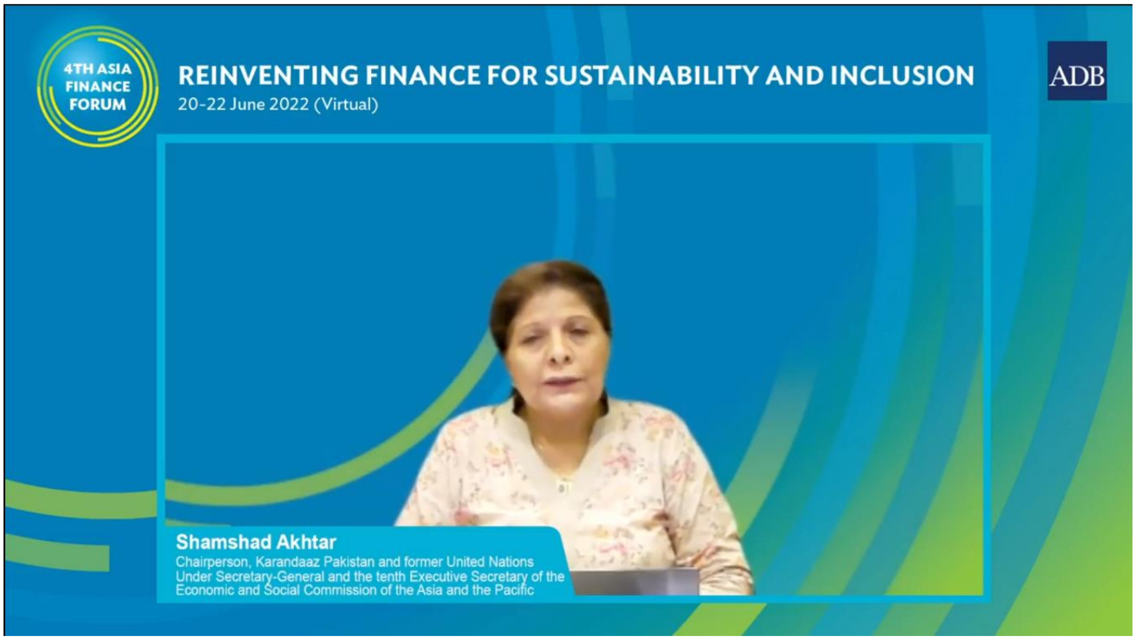
Key messages for this session:

- There is a catalyst role for multilaterals in the scaling of blue and green finance in Asia. But how is this best to be done, given the current difficult circumstances (COVID-19, massive rise in commodity prices, and others), and given the diversity of financial systems in the region?
- Scaling blue and green finance in the region through replication is crucial, notably on environmental issues where the situation in the region is particularly serious (ocean plastics pollution, urban air pollution).
- MDBs fulfill a crucial role in providing government advisory services on, among other things, regulations and standards.
- Blue and green technology innovation needs to be supported through dedicated venture finance approaches, and the ADB is an MDB with dedicated departments for this.
- Risk management solutions are key for the further build-out of the blue and green finance sector in Asia, e.g., by enabling the raising of debt in local currency.

Day 2: 21 June 2022

Keynote Address

Dr. Shamshad Akhtar



Dr. Shamshad Akhtar provided the Keynote speech on Day 2, where she highlighted several critical issues concerning the gravity of the climate change situation, which should be a wake-up call to all of us. She noted that isolated and ad hoc activities would not address the problems. Instead, we need leadership and collective global action, including coordinated national and regional initiatives. We also need to create disincentives for brown investments and businesses. The green lens that needs to be applied to support climate change also needs to appreciate the situation of the poor, who disproportionately bear the brunt of the effects of climate change.

"…half of the world's poor only account for 10% of global emissions, and their carbon footprint is tiny, but they end up bearing the brunt of emissions emanating from other activities." Dr. Shamshad Akhtar

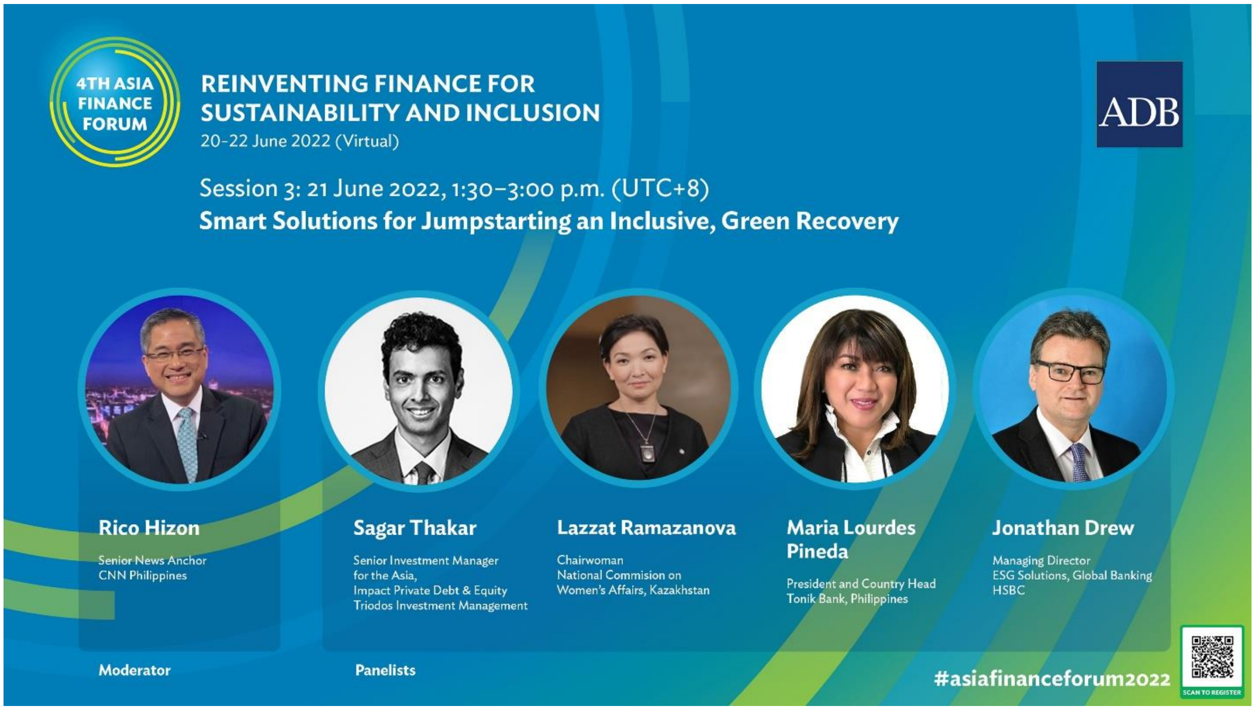
Hence, governments, policymakers, multilateral banks, and donors should focus on inclusive, green, and sustainable development. We also need inclusiveness to include the poor in a green future and help them deal with and better adapt to climate change. On a positive note, innovative options to support social investments under ESG are beginning to take off, especially in digital financial inclusion and new insurance options. We must look at green finance supporting financial inclusion and a just transition supporting inclusive jobs. She also emphasized that policymakers in emerging markets need to strategize better and move from classical or orthodox growth models to adopt new green and inclusive growth models that factor in environmental sustainability and various social considerations. This requires a high-level lead group to coordinate principles, policies, finance, technology, etc.

Strengthening green finance requires coordination, but today only a few ministries in a few countries are attempting to support sustainable and impactful climate change efforts. The People's Republic of China and the Republic of Korea have good national strategies for green growth and efforts to support net-zero emissions, but more must be done in other countries. The Republic of Korea's high-level Presidential Committee on Green Growth was set up as far back as February 2009 to implement a national strategy for green growth and a Presidential Committee on Carbon Neutrality. This now provides an effective roadmap and agenda for the country's net zero emissions goal by 2050. The inter-ministerial committee on climate change in Singapore, and National Committee on climate change policy in Thailand, are also good examples.

One of the most challenging and important transformation issues is for countries to achieve a just transition from coal to affordable and reliable sustainable energy, developing an appropriate transition strategy anchored on low carbon pathways, rejuvenation of effective localities, building green infrastructure, and encouraging sustainability across industries. These actions would help create new opportunities for effective businesses and the most vulnerable populations to create new opportunities for jobs while ensuring a green and sustainable future. A just transition is the most powerful mechanism for inclusion. And the architecture needs to be more holistic to filter down to the most climate-vulnerable regions and people.

"We need to catalyze and fast track a net zero trajectory by adopting the conference title: support for inclusive green growth. This is not a new paradigm. It serves as a pathway to leverage sustainable development with poverty eradication at its core." Dr. Shamshad Akhtar

Session 3: Smart Solutions for Jumpstarting an Inclusive, Green Recovery



Financial inclusion is an embedded objective of the UN Sustainable Development Goals. Financial inclusion is key to supporting environmental, social, and governance monitoring. It is also critical to expanding financial inclusion and its interconnected relationship with affordable and clean energy, gender equality, clean water and sanitation, good health, and quality education. In addition, an inclusive green recovery must support better jobs, income, and responsible economic growth. Innovative technologies enabled by smart policies and regulations have been driving financial inclusion. Governments can unleash policy innovations to promote more investment, advocacy, and research in inclusive green finance. This session focused on smart solutions to address green and inclusive finance and the interface between financial inclusion and ESG.

Jonathan Drew from HSBC shared that corporations have responsibilities to look not only at climate change but also the impact on the poor. Notably, the private sector has developed unique tools to support ESG efforts. The commercial bond market reached $1 trillion in ESG investments last year, and social investments, which were only 5% before COVID-19, have now soared to account for 20% of this overall amount. Two primary products—green/social project bonds and sustainability targets—are now becoming mainstream.

"The ESG bond market has now scaled to a significant size and is now mainstream…It's important to now keep driving these investments" Jonathan Drew

Sagar Thakar from Triodos Investments shared how Triodos, as an investor, is focused on mainstreaming some initiatives that support social investments. He also stressed the important role investors could play in making these types of investments a priority. Triodos Investments believes that investors must build a society that supports the environment and financial inclusion issues over the long term.

"These (ESG) are very compounding issues which need to be tackled. And one way to tackle them is to actually not only finance change but also but also change finance." Sagar Thakar

Lazzat Ramazanova shared that Kazakhstan is increasingly focusing on green bonds and ESG. While Maria Lourdes Pineda from Tonik Bank highlighted how smart regulatory policies drive green financial inclusion, such as digital banks and especially remote account opening and tiered electronics know your customer policies. Digital banks are also great examples of green finance, since carbon footprints are reduced. Jonathan Drew noted that brick-and-mortar banks are increasingly shifting to digital channels to not only support green finance but also to increase efficiency and outreach.

"The pain point of many people in the Philippines, particularly when it comes to opening a bank account, is the number of required documents. The recent pandemic actually brought forth and put front and center how important it is to look for alternative ways of opening up accounts to help people join the formal financial sector." Maria Lourdes Pineda

As we support green and inclusive finance, we also need to look at the unique needs of groups such as women, the youth, and the rural poor. Lazzat Ramazanova shared that Kazakhstan is an excellent example of how to invest and support financial products and services for women. She also noted that Kazakhstan learned from Japan's One Village, One Product, which helped demonstrate how women can learn about new collective business opportunities.

"The policy that we (Kazakhstan) are working on is called Gender budgeting. This is one of these smart policies that can support responsible financial inclusion. It considers statistical data and the needs of people first, especially young women." Lazzat Ramazanova

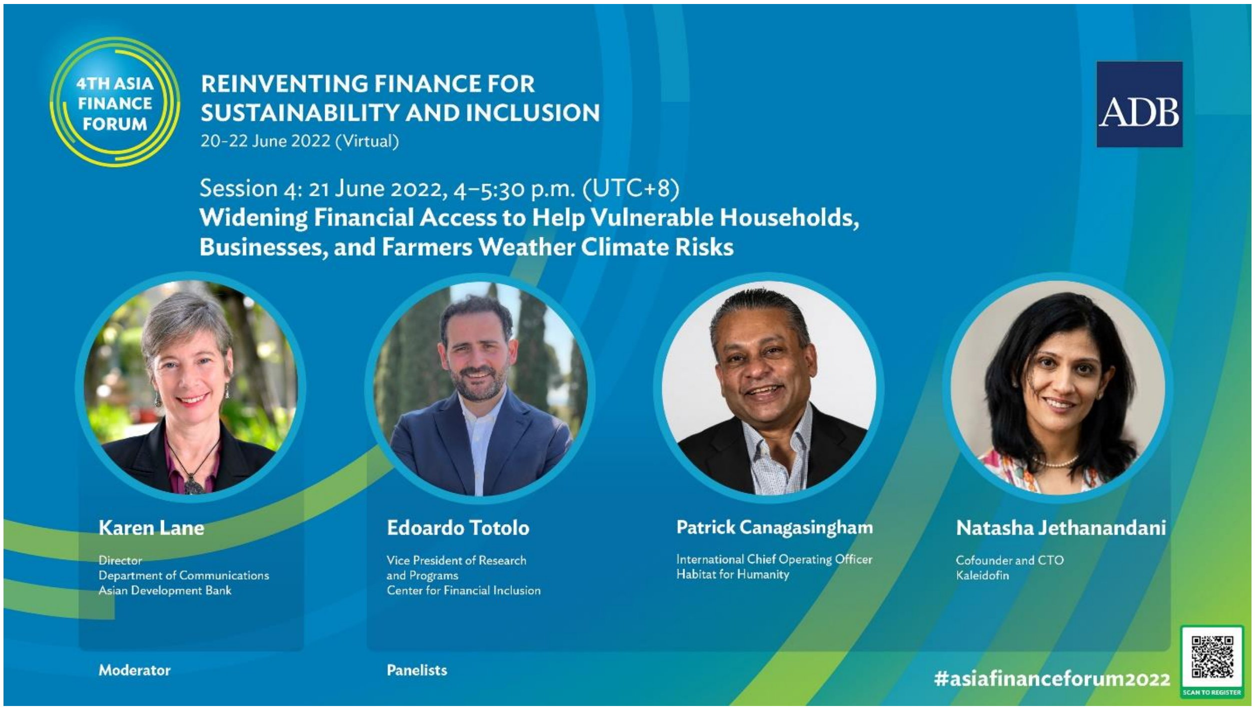
The panelists also highlighted that bringing policymakers, regulators, and the private sector together is vital to developing a shared vision. Conferences like this event are a good start, but more must be done. When asked what would be an appropriate role for the ADB, the panelists also stressed the need for the ADB to play a more catalytic role since the ADB can take a long-term perspective and can work closely with governments as well as the private sector, especially in areas that are harder to address and may take more time. ADB can bring "patient capital" to support climate change, and this is needed.

A question was asked about the best advice that can be provided for policymakers to support a green and inclusive recovery. Jonathan Drew highlighted that we need better ESG disclosure requirements for businesses and global consistency in these standards. We must educate everyone on ESG, especially governments and regulators, to develop consistent, effective, cross-cutting policies and regulations. A reliable roadmap with international standard key performance indicators will provide a real mandate and ensure that ESG is in place.

The key takeaways of the session included:

- Governmental guidelines should balance the private sector’s significant role.
- Financial technologies can also play a significant role in leapfrogging inclusive green financial services.
- International cooperation and sharing (like this event supported by the ADB) are also critical.
- Reinforce that not only financial inclusion but also other aspects of social investment are needed to create resilient and inclusive economies.
- We need a shared vision of the future we want to create.
- ADB needs to play a more catalytic role in bringing together governments and the private sector consistently across the region.

Session 4: Widening Financial Access to Help Vulnerable Households, Businesses, and Farmers Weather Climate Risks



This session shared some innovative ways financial services focus on helping micro, small and medium-sized enterprises, small farmers, and low-income households build resilience, mitigate, and adapt to emerging climate change impacts. This session also focused on the importance of the four key aspects of green, inclusive finance that can help small business, small farmers, and low-income households cope.

Edoardo Totoro from the Center for Financial inclusion shared the importance of financial services to address, adapt and mitigate climate change. Resilience and adaptation are now some of the critical issues that financial service providers need to focus on to address the effects of climate change. It is also important to consider that the poorest half of the world's population only accounts for 10% of global CO_2 emissions. But at the same time, low-income communities are the hardest hit by climate-related disasters and environmental impacts.

"I think we need to start by shifting our perspective on how we think about the space of financial inclusion and climate change and the intersection between the two." Edoardo Totoro

This shift should consider two dimensions. It is essential to consider this from a macro-level perspective when discussing green, inclusive, and sustainable finance. Some key questions are: how do we enable a green global financial system? How do we finance a great transition from carbon-intensive energy to renewable energy cost-effectively? Looking at these issues from the perspective of low-income consumers and low-income communities, these kinds of questions do not have direct relevance in their day-to-day lives. However, to get low-income consumers and communities to understand these issues better, we must take a different approach. The Center for Financial Inclusion has developed a framework to guide how this understanding can be created. This framework is built on four different pillars: mitigation, resilience, adaptation, and transition. When you talk about mitigation, we focus on investments in new, cleaner technologies that can help improve local environmental conditions, for example, a pay-as-you-go model for clean solar energy.

Resilience focuses on how we help low-income households and communities to reduce their vulnerability as well as increase their ability to respond to climate-related events. Then we have two other dimensions, which are adaptation and transition. These focus on helping consumers in low-income settings to adapt or change their livelihoods as well as developing the ability to respond to these new risks, like learning new skills or new ways to create an income. Where the effects of climate change are catastrophic, we need to help them transition to an entirely new life. Financial services have a significant role, and innovative products must be developed to support this transition level.

Patrick Canagasingham from Habitat for Humanities also shared the role of climate change in housing finance. He stressed that we need to look at client-centric climate change-related financial products that meet the needs of the poor. The number of people living in hazardous locations and inadequately built housing is expected to more than double around the world and especially in Asia. The construction industry, in particular, has a key role in reducing its carbon footprint as it alone accounts directly or indirectly for about 35% of carbon-related emissions. We, therefore, need to advocate for climate-smart solutions in two critical ways: First, putting people at the center of housing finance product design work, to not only help mitigate carbon emission efforts but also ensure that we don't drive up the costs for household, which may rather actually expand the deficit even further. The second solution is to support adaptation in housing design to protect communities, businesses, and households against certain climate-related risks.

"…this also requires the public and the private sector to come together to look at the value chain together and ensure that solutions are designed or built on the foundations of client centricity with the understanding that one size may not fit all." Patrick Canagasingham

Risk management principles focused on the impacts of climate change and how they can be mitigated can also be applied to products and services offered to the poor. Many traditional financial products, however, are rigid, so it is essential to build flexibility to offer adaptive financial services such as saving when you can, repaying loans when you can, and being able to borrow quickly when needed for emergencies. Ms. Natasha Jethanandani shared how important data-driven artificial intelligence and machine learning can be to bringing down costs and speeding up customized access to financial services for many more clients than traditional products.

"We have to be careful as we focus on new technologies not to create a digital divide, so you need to consider those without digital access. We must look at the client's overall financial journey and not one-off products. Technology is a key

enabler, but we must be realistic that access to financial services is only one part of the picture and cannot address all needs. We need partnerships between financial and non-financial service providers." Natasha Jethanandani

It is essential to place financial health and financial resilience front and center and also to ensure that financial products and services are intuitive, easy to understand, and convenient to access and use. It is useful to help clients with a goal-based approach related to their real-life aspirations, such as supporting a child to obtain a higher education or to build a more secure home, and then to design and deliver solutions end to end that help meet those goals.

Is it a key aspect of financial health to start with savings services and introduce new related solutions such as insurance? To address certain shocks, insurance tied to a "savings goal" can help clients to appreciate better and value new services like insurance because they can understand certain events may stand in the way of their financial goals. Still, insurance can help them to mitigate these risks. Today's advances in machine learning make it easier to personalize financial services to meet client needs better, as well as to help them better prepare and adapt to climate change challenges. These advances allow financial players to support a customer's financial journeys based on core principles such as a focus on customer convenience and better and more intuitive financial services.

When asked about dealing with smaller economies, such as island nations in the Pacific or Caribbean, the panelists responded that there is a need to look at shared regional initiatives to reach economies of scale. We do not need to reinvent the wheel; financial service providers can learn from each other and look at innovative financial service products to leapfrog access and usage. Examples of innovative business models that can support climate change include helping rickshaw drivers acquire electric rickshaws—we need organizations like ADB to help share and bring light to these successful products, services, and business models to be replicated in other countries.

We also need to design products that meet the needs of households, including youth and women, and how best to help low-income families avoid a digital divide. We can learn a lot from one another, but we also need better research about which financial products are best suited to address the effects of climate change. The development of responsible credit services and prudent use of data is also vital.

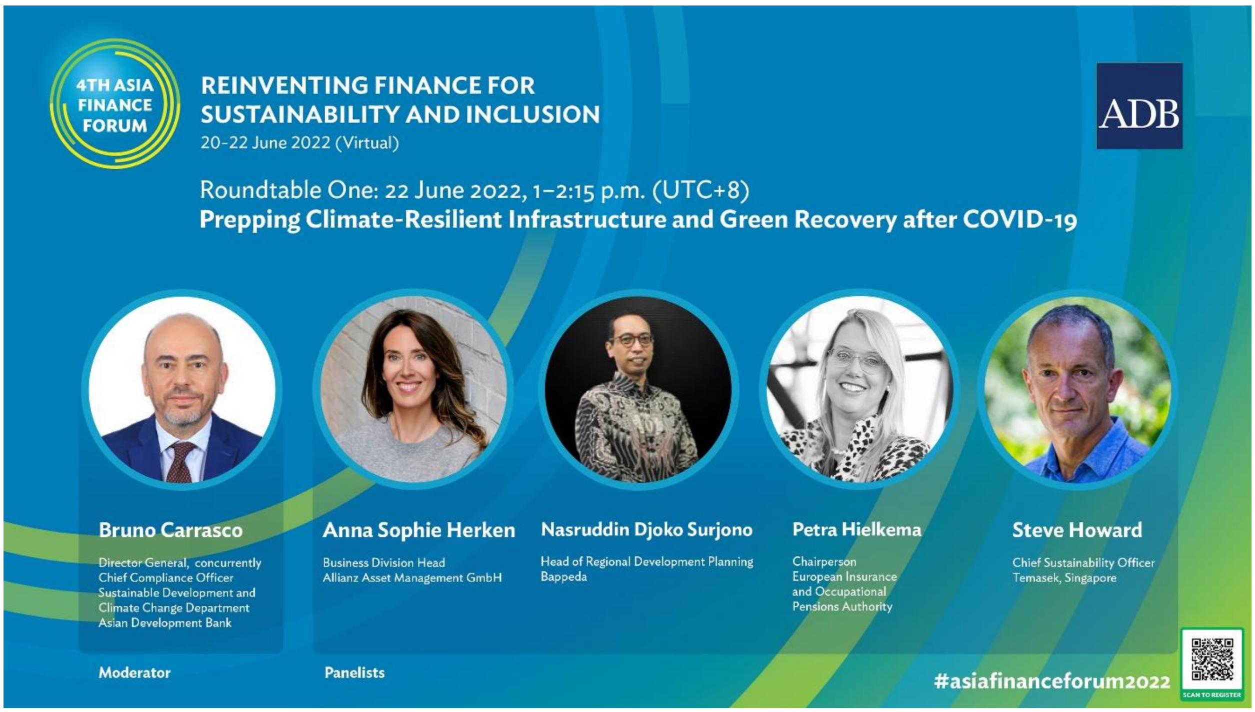
The key takeaways of this session included:

- A useful framework to help customers deal with the effects of climate change should be built on four different pillars: mitigation, resilience, adaptation, and transition.
- There is a balance between advancing green and sustainable finance and the costs associated with implementing various alternatives.
- Housing finance can play a key role in supporting low-income households to build more resilience.
- Many traditional financial products, however, are rigid, so it is essential to build flexibility to offer adaptive financial services such as saving when you can, repaying loans when you can, and being able to borrow quickly when needed for emergencies.

- Data-driven artificial intelligence and machine learning can improve efficiency and speed up customized access to financial services to allow for more flexibility and expand access.
- While technological enabled financial services can help many clients, we still must be careful about creating a digital divide.

Day 3: 22 June 2022

Roundtable 1: Prepping Climate-Resilient Infrastructure and Green Recovery after COVID-19



The introductory remarks by Mr. Carrasco highlighted that the path to recovery would mean heavy lifting on multiple fronts, given setbacks during the pandemic that included labor shedding, inflationary pressures, supply chain disruptions, and public debt. He highlighted that investing in infrastructure will remain critical. He also emphasized that we need to mobilize more infrastructure investments, including private capital markets.

In their initial remarks, panelists discussed the following, among other issues:

Climate change is, of course, not new, but COVID-19 has changed how we address the challenge (e.g., by focusing our responses now more on short-term issues like supply chain disruptions). Mrs. Herken underlined that the pandemic had highlighted the urgency to act (e.g., through rising energy prices). She also discussed that the pandemic had given rise to opportunities. According to an Allianz study, the capital expenditure needs for achieving net zero is $30 trillion, largely for infrastructure, much of which would have to come from infrastructure. While most of this would have to be covered by public funding, the figure also included $5 trillion as an opportunity space for asset managers.

"CAPEX needs for achieving net zero is ($) 30 trillion, largely for infrastructure, and most of that would come from infrastructure. Five trillion of this will likely represent an opportunity space for asset managers." Anna Sophie Herken

"Economic growth in Jakarta is now less than minus two," said Dr. Surjono. He also stated that this, of course, implied reductions in the fiscal space for spending in Indonesia. He added that COVID-19 had encouraged a switch in Indonesia from economic activity to environmental activity, a challenge to which the Indonesian government had started to respond, e.g., by Jakarta joining the C40.[1] Moreover, sectoral solutions that the government had begun to scale up included designing green buildings, reducing energy and water use, expanding sustainable transport networks, and establishing a Jakarta low emission zone.

"COVID-19 and its aftermath have been the time to switch from economic to environmental spending, and the government of Jakarta has started doing precisely that." Dr. Nasruddin Djoko Surjono

Ms. Hielkema acknowledged that the need to move to a blue and green transition was becoming greater, but so were the challenges to moving in that direction. She also underlined that, since January, we have seen macro conditions like rising inflation, volatility, and disruptions in the supply of oil and gas imports from the Russian Federation.

She added that while COVID-19 had given rise to opportunities by rewriting the rulebook, e.g., on remote working or by mainstreaming digital work, overall, the COVID-induced crisis had led to a temporary revival of investments in infrastructure that is not considered helpful to climate change. She added that, in addition to the physical risk to infrastructure from climate change, key questions in the infrastructure-climate change nexus were how much of the impact on infrastructure can be mitigated or insured and what the effect on investments would be. She concluded that the insurance industry could provide financial incentives for green infrastructure in a way few other actors can.

"The insurance industry can provide financial incentives for green infrastructure in a way few relevant actors can." Petra Hielkema

Mr. Howard declared that despite the event of the last two years, the world had not backed off its commitment to climate change and that working towards net zero had already become the new normal, for example in Southeast Asia, 8 out of 10 countries are heading to net zero, and relevant technologies continue to improve. He therefore added, the tailwinds for climate change had been strengthened, but some headwinds had, of course, also emerged, as climate investment needs at the margins are now even harder to finance. He noted that climate-related investments on the margin were

[1] C40 is a network of mayors of nearly 100 world-leading cities collaborating to deliver the urgent action needed right now to confront the climate crisis. For more details, please see https://www.c40.org/.

now even harder to invest and that the world would need to double down on this front. In response, Temasek had set up with HSBC a blended finance facility for sustainable debt. On the upside, he stressed, technology was improving, with incredible price improvements on some crucial climate-related technologies. In addition, total renewable energy provided and used had increased, and new forms of renewable energy were emerging, including green hydrogen, new forms of battery storage, and electric vehicles. This included regional champions in Asia. Overall, he stressed that the way forward lay in the adoption of an appropriate policy and regulatory environment and provision of the right incentives (including through carbon pricing). On the latter, he stressed that Temasek had established an internal carbon price.

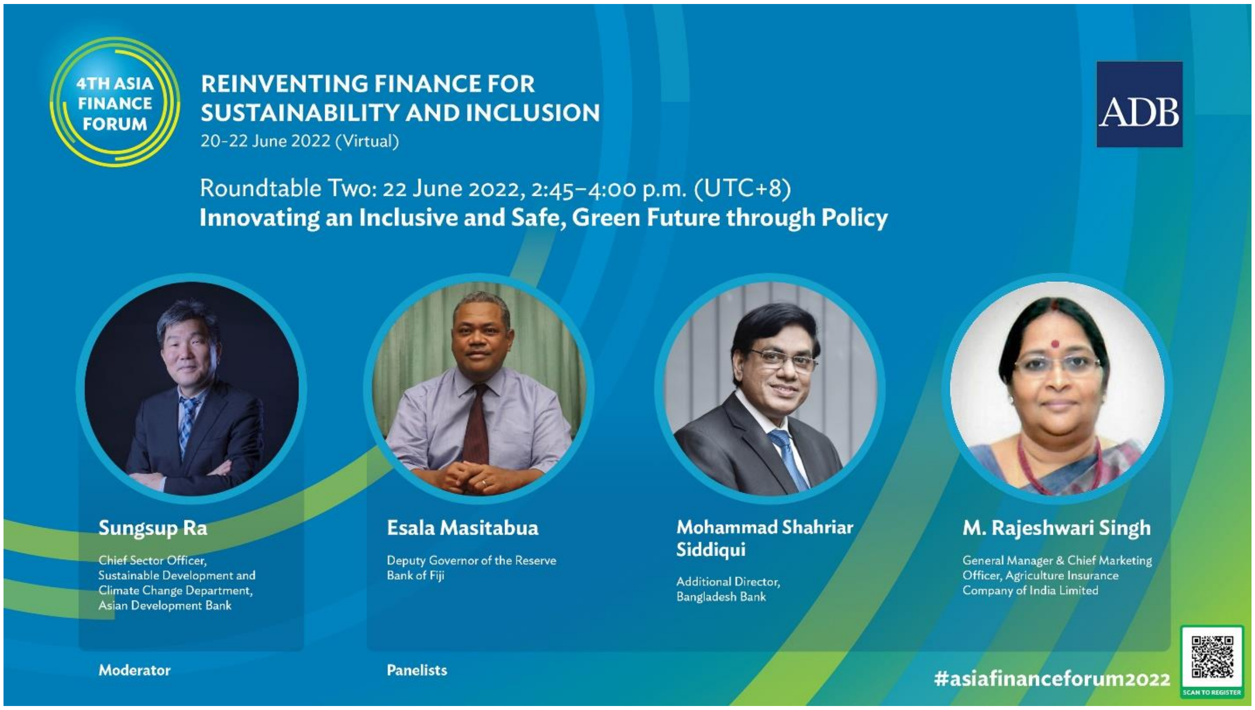
"The tailwinds for climate change have been strengthened, with 8 out of 10 countries in Southeast Asia now heading to net zero. But some headwinds have also emerged, e.g., climate investment needs at the margins are now even harder to finance." Steve Howard

Further discussions highlighted:

- The need to get incentives right, with a need to "measure everything, and price it". Mrs. Herken, in doing this, stressed the need for reporting standards, data transparency, and disclosure (underlining that the ADB was publishing its TCFD report and providing greater transparency on its portfolio). Mr. Howard highlighted the need for a shift by measuring everything, pricing it, aligning it with incentives, and setting a framework for a shrinking carbon budget over time. This included a need for financial disclosure requirements.
- One question by participants (Lisette Cipriano) question on the role of SMEs in achieving net zero – given evidence of the underestimated role of SMEs in other major global challenges (e.g. job creation).
- That the world is heading in the right direction towards decarbonization. "This is the race of our lives. We are out of the starting blocks," Mr. Howard stated, "and we understand that the finish line is net zero". We would likely see radical decarbonization, with corresponding businesses and jobs being created, but we will still need to accelerate our efforts.

The meeting concluded on the need for radical collaboration, mechanisms and incentives to move the needle, attract know-how, and bring in new technologies, and overall "cautious optimism".

Roundtable 2: Innovating an Inclusive and Safe, Green Future through Policy



Sungsup Ra, Chief Sector Officer at the ADB, opened this panel by sharing that new policies, regulations, and innovations can rapidly increase inclusive access to finance during the economy's fresh green recovery start. Public-private dialogues and partnerships have been key drivers for this challenge in several markets. Advances in financial services and underlying policies during the recent COVID-19 pandemic have also brought more people into the financial system and increased efficiency and outreach. However, new players and innovations have also increased the potential for systemic risks, including challenges around prudential risks, market conduct, governance issues, and unique consumer risks, especially around data privacy and cyber security. To achieve the full potential of these innovations, policymakers and regulators in developing countries are working with international institutions and the private sector through public-private partnerships and dialogues to ensure the development of innovative, green, and inclusive businesses and jobs.

This session discussed how regulators and policymakers balance inclusive financial policies and regulations to support investment in innovative financial services while ensuring safety and soundness and steps to a green restart to the economy. It also looked at public and private dialogues to help support the sector's development.

As countries rebuild their economies after COVID-19, it is fundamental that they see this as a unique opportunity to lay the foundation for a green, resilient, and inclusive future. How are your institutions working with the government at different levels to meet their development objectives to ensure that transition towards a green economy is pro-poor, inclusive, fair, and just?

Esala Masitabua, Deputy Governor of the Reserve Bank of Fiji, said the Pacific Islands are on the front line for early impacts of climate change. He noted that the post-COVID environment had provided an opportunity to re-think a green and inclusive future. For example, Fiji was one of the first to issue a green bond, including a commitment to net-zero emissions.

Based on the experiences in the Pacific, it is clear that an enabling policy environment is key. Central banks play a crucial role in guiding the private sector.

In the face of urgent environmental, economic, and social challenges brought about by climate change, how is the Reserve Bank of Fiji finding ways for the financial sector to incentivize the sustainable transition to a green economy in a blue world? Since expected costs far exceed most Pacific Island countries' financial capacities, what is the current thinking for bringing forward investments in key development priority areas?

The global guidance from institutions such as the Bank for International Settlements and international coordination efforts among regulators like the Global Financial Innovation Network. Scaling up national commitments to financial inclusion requires national plans and monitoring progress. International groups like the Alliance for Financial Inclusion and the UN Capital Development Fund (UNCDF) have played vital roles in assisting emerging markets. At the height of COVID-19, we found that pilot testing new innovations, including climate change-related micro-housing initiatives, was a way to fast track a green and climate resilient recovery. We also found that in the Pacific, blue bonds are something that we need to look into.

Mohammad Shahriar Siddiqui, Additional Director, Bangladesh Bank, highlighted that while COVID and the war in Ukraine have affected efforts under climate change initiatives, they have still not slowed the Government of Bangladesh's commitment to addressing climate change. Mobile financial services were expanded under COVID-19, including being a channel for providing benefits to the poor. To address the pandemic, Bangladesh Bank introduced new finance schemes for the poor, SMEs, and small farmers. Back-to-Home support helped those working abroad who needed to come home during the COVID-19 pandemic.

Bangladesh also discovered that one of the best methods to expand green financial inclusion was via the digital channel.

Sustainable financing has gained popularity in recent years as banks and enterprises in Bangladesh have become increasingly keen to embrace the business model that protects the environment from pollution, especially in the ready-made garments sector. Can you highlight the initiatives Bangladesh Bank took to expand sustainable financing accessible to export-oriented ready-made garments and leather manufacturing industries to use environment-friendly technology and processes?

Resilience and adaptation are crucial for Bangladesh, especially the country's significant impact due to climate change. To encourage and track the progress of the private sector, the central bank developed a sustainability rating for banks and microfinance institutions. To support ESG efforts, Bangladesh Bank also introduced environmental risk management guidelines.

M. Rajeshwari Singh, General Manager & Chief Marketing Officer, Agriculture Insurance Company of India Limited, noted that India is the largest crop insurer in the world. He said that COVID-19 has accelerated the need for an inclusive and green future. Technology-driven approaches to an inclusive economy have also been key in India.

The impact of climate change on agriculture is relevant in both economic and food security terms. To what extent has crop insurance and advances in agriculture technology addressed the vulnerability of farmers and the rural community to climate variability and related distress?

India is an agriculturally based economy. The insurance penetration rate is only 4%, but today, agricultural insurance penetration is over 22%. Initially, this was mandatory, but 2 years ago, it became voluntary for farmers. Today, farmers see the value in insurance, primarily due to the frequency of climate change-related weather risks. Crop insurance has been a critical risk mitigation strategy for farmers. India has learned a lot about agricultural insurance over the past five decades. India learned that it is essential for governments looking at offering crop insurance to accept that subsidies for premiums and payouts will be required to sustain agricultural insurance. Technological advances have been vital and have helped to dramatically expand agricultural insurance to not only conduct assessments but also to support payments quickly and efficiently. Artificial intelligence and machine learning are helpful for insurance to analyze risks and payouts quickly.

Innovation and enhanced consumer awareness need to play a critical role in promoting green finance and sustainable funding options, either through amending the regulatory framework, encouraging green loans and products, or introducing climate change considerations in monetary and financial policy operations. What initiatives are you supporting that can promote positive outcomes and maintain a healthy, safe financial market? Digital payment reforms support resilience. It is essential to think outside the box—focus on inclusive, sustainable, and green growth. Digital microfinance is helping the poor. Financial institutions can support sustainable finance if the regulator sets an enabling environment.

A Green Transformation Fund can indirectly help women, but the focus is more on supporting a green transformation. Target setting can help financial sector players to focus on green finance efforts. Based on India’s long history, any country looking at agricultural crop insurance should consider the need to subsidize it as it cannot be commercially viable on its own.

How can the ADB help?

ADB can play an essential role in knowledge sharing. The panelists all agreed that some of the key areas include lessons learned from blended finance, debt for climate swaps, and sharing models that work and best practices for sustainable development and resilient building infrastructure

The roundtable panelists all agreed that climate change is a big wake-up call for everyone, and the ADB can help member countries work on a green and inclusive future and assist countries in helping better the poor adapt to climate change. COVID-19 enabled us to look at a green reset of the economy. Mobile banking and mobile money transfers are significant innovations that can help the poor and governments reach the poor more quickly. Crop insurance is also essential, and this is one area where other countries can learn from India. ADB can provide critical technical assistance and knowledge sharing and constantly researching best practice examples that all countries can learn from.