

Enabling the Green Transition of Business

Policy Approaches from Asia and the Pacific and Latin America

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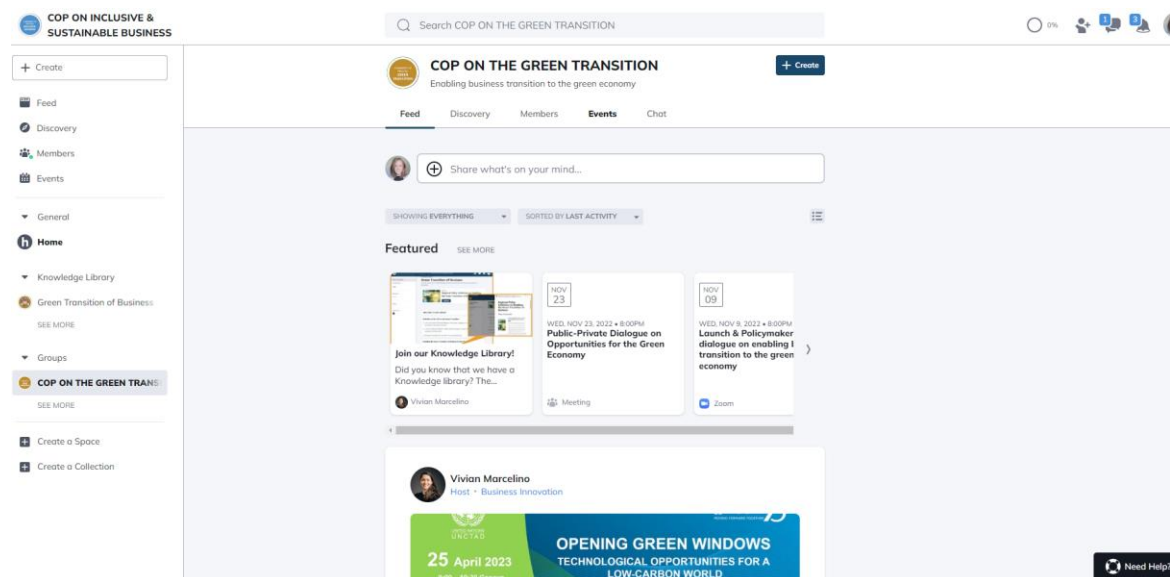
Community of Practice on the Green Transition of Business

The Community of Practice is convened by **ESCAP** and the **Government of Colombia** to support Governments in **Asia and the Pacific** and **Latin America** to replicate and scale successful **policy measures** that support the **green transition** of business.

19 members from 10 Countries

- Chile
- Colombia
- Ecuador
- Mexico
- Peru
- Bangladesh
- Bhutan
- Kazakhstan
- Republic of Korea
- Thailand

Online platform connecting members



Community of Practice on the Green Transition of Business

Learning & Exchange Events

- Policy Makers' Dialogue on Enabling Business Transition to the Green Economy
- Public Private Dialogue on Opportunities for the Green Economy
- Business Innovation for the SDGs Forum
- Opening Green Windows: Technological opportunities for a low-carbon world - Perspectives from Asia and the Pacific



Knowledge Products

- Policy approaches to enable business innovation for inclusive and sustainable development
- **Enabling the Green Transition of Business: Policy Approaches from Asia and the Pacific and Latin America**



Report: Enabling the Green Transition of Business

- Developed in collaboration with the **Community of Practice** on the Green Transition of Business with inputs from across the 10 member countries.
- **Objective:** Inform policymakers and other stakeholders on **policy measures** to support the green transition of business and promote opportunities for the green economy & **facilitate South-South knowledge exchange**, in particular between Asia-Pacific & Latin America.
- While particularly useful for policymakers in Asia and the Pacific and in Latin America, the report also provides valuable insights for policymakers globally.



Framework: The Impact Economy Toolbox

The report is structured according to the framework of the impact economy policy toolbox:



This framework can serve to identify policy gaps and opportunities for government measures to promote the green transition of business and the transition to a green economy.

Policy Examples: Market Facilitator

Market Facilitator – *Creating strategies and organizations that set the direction and enable the implementation of the green transition of business.*

Example from Colombia

- The Long-Term Climate Strategy E2050 aims for the carbon-neutral development of Colombia by 2050. Beyond carbon-neutrality, the Government recognizes the need for high adaptive capacity.
- The strategy includes calls for cutting reliance on fossil fuels from the perspective of coal based stranded asset risks, signaling the need to develop green projects.
- The Government underlines the necessary role of the private sector in this endeavor, and the need to ensure a fair transition with respect to socioeconomic inequalities, gender inequality, labour market changes and climate vulnerability.

Example from Thailand

- The **Office of National Higher Education Science Research and Innovation Policy Council (NXPO)** is a dedicated central unit to support green transition centred around the SDGs.
- Its vision is to strengthen national innovation capacity to lift Thai society and economy to new heights, promoting **policy research and innovation, including around green transition, circular economy and bioeconomy.**
- NXPO facilitates the work of special committees on specific subjects, in formulating, deploying and monitoring national policy in key areas.

Policy Examples: Market Regulator

Market Regulator – *Implementing laws that enable, support and incentivize the green transition of business*

Example from Bhutan

- Since 2012, **green taxes on motor vehicles and petroleum fuel** have been implemented to reduce imports of fossil fuel-based vehicles, promote electric vehicles and reduce vehicle emissions.
- The Road Safety and Transport Authority promotes the switch to **electric vehicles** in the urban transport sector by offering **incentives to taxi drivers and tax waivers to the general population**.
- Drivers can receive 20% of the cost of their new electric vehicle as a **direct cash subsidy, and low interest loans** are offered by the Bank of Bhutan for 70% of the purchase price. Moreover, the Government is installing **electric vehicle charging stations**.

Example from Chile

- In 2021 the Financial Market Commission of Chile announced that companies listed on the stock exchange of Chile will be required to disclose their ESG practices in annual report filings as of 2023
- This is part of a broader agenda to shift investments towards a more sustainable path (backed by government issuance of sustainability-linked sovereign bonds), to limit the negative environmental impact of businesses, especially in its two main sectors: mining and agriculture.
- These regulations are expected to significantly impact Chilean pension fund allocations – the largest institutional investor in the country.

Policy Examples: Market Participant

Market Participant – *Taking part in market exchanges by providing capital or sourcing from green enterprises*

Example from Bangladesh

- The **Green Transformation Fund** was established by Bangladesh Bank in 2016 with \$200 million assets under management.
- The fund supports green transformation and industrialization of the private sector by providing **loans at relatively low interest rates for projects with positive environmental impact**.
- By 2021, most of the loan applicants came from **the textile industry**, but after the expansion of industries eligible to access the fund, an increase in applications from **the leather and plastic industries**, as well as **renewable energy and waste management** sectors are expected.

Example from Kazakhstan

- The Ministry of National Economy and the Astana International Financial Center, supported by the DAMU Entrepreneurship Development Fund, launched **Kazakhstan Green Bonds** to support the transformation of the oil and minerals-based economy, to become cleaner and greener. In 2020–2021 funds were raised by issuing green bonds with a value of \$470,000.
- For example, TK SOLAR LLP issued green bonds to secure financing to build a **solar power plant** with a total installed capacity of 1 MW in the vicinity of the city of Turkestan.
- The main goal of the project is to supply **green electricity to local businesses**, addressing an expected increase in energy demand in line with the development of the city.

Recommendations

Governments across Asia and the Pacific and Latin America have demonstrated their intention to promote green transition and enact policy measures to support and incentivize businesses to pursue green agendas. Moving forward:

- Further **concerted action** by Governments and the private sector to **achieve climate targets** and address other pressing environmental challenges, is **urgently needed**.
- **Evaluating** the impact of **existing policy initiatives** will help Governments to prioritize effective policies.
- **Sharing experiences** across countries and actors, including on **good practices**, as well as **challenges** and **failures**, will help Governments to **avoid known pitfalls** and **accelerate progress** towards a green global economy.



The Way Forward

ESCAP will support this in 2023 through its Community of Practice of policymakers working on the green transition of business:

- **Community of Practice** including **in-depth learning** and capacity building activities
- **Facilitated exchange** on specific policy measures among policy makers from the two regions
- **Study tours** for members to see innovative policy measures 'in action'
- Knowledge exchange among **investment promotion agencies** to facilitate the transfer of innovation for the green transition between the private sector in the two regions.
- **Climate finance facility for women entrepreneurs** in Asia and the Pacific





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