

Media coverage of the PRI-World Bank Webinar on “Incentives for Green Finance and Investment”

Thursday, Mar 17, 2022

Growth dividend of greening the economy is there

ZAIDI SATTAR | Published: March 16, 2022 10:55:48 | Updated: March 16, 2022 21:13:45

Dr Zaidi Sattar, chairman, Policy Research Institute of Bangladesh (PRI)

Bangladesh is a rapidly developing economy facing the challenge of Climate Change. Climate experts have assessed that Bangladesh is among the most vulnerable countries due to Climate Change. With adverse impacts of Climate Change staring in the eye Bangladesh people and its leaders are gearing up to the task.

Our Prime Minister, who chairs the Climate Vulnerability Forum (CVF), has made climate resilient strategies in Bangladesh the fulcrum of our development strategies, as prescribed in the 8th Five-Year Plan (8FYP), Bangladesh Delta Plan 2100, Perspective Plan 2041, and the forthcoming Mujib Climate Prosperity Plan.

Back in 2019, Bangladesh was the first country whose Parliament had declared Climate Change as a “planetary emergency”, an idea promoted by the then Bangladeshi President of the Inter-Parliamentary Union.

It is now established, following in-depth global research on climate and the economy, that we can be ‘green’ and we can grow. Global research by pioneer climate economist, Sir Nicholas Stern (Stern Review on the Economics of Climate Change, 2006), has shown that the long-term benefits of eco-friendly economic growth far outweighs the costs. The conclusion:

Greening of the economy does not have to be growth reducing.

The growth dividends of greening the economy is there. South Korea provides an example of options and best practice in this regard. The country is one of the fastest growing economies of the 20th century that transformed from a low-income country to a high-income country, all in a span of 50 years, Greening of the economy over decades required massive investment that had to be financed out of the growth dividends that the rapidly growing Korean economy enjoyed.

South Korea’s exemplary strategy of Green Growth presents an excellent example for other rapidly growing economies like Bangladesh to follow. The lesson clearly is that for achieving sustainable and Green Growth Bangladesh will have to resort to Green Financing.

Bangladesh cannot be left behind in the fight against the ravages of Climate Change. The country is gearing up on both adaptation and mitigation avenues of the climate resilience strategy, all requiring additional financing for investment. Though a small emitter of GHG Bangladesh expressed solidarity with the world community at COP15/COP26 to contain GHG emissions to 2030. Though, as a Least Developed Country (LDC), it was not required to make any commitments, it submitted an Intended Nationally Determined Contribution (INDC) in 2015 that was recently updated as NDC 2021. Bangladesh takes its commitments seriously as current Chair of the Climate Vulnerability Forum (CVF).

The Mujib Climate Prosperity Plan, an aspirational Plan which is about to be launched, shifts Bangladesh’s trajectory from one of vulnerability to resilience to prosperity (VRP). One of the overarching goals of MCPP is to strengthen employment in a green economy, that is climate-resilient, low-carbon, resource efficient and socially inclusive for faster job creation. Both market-based and non-market strategies may be adopted to achieve these goals.

Rapid growth with low-carbon eco-friendly power generation (shifting to renewable energy), industrial production, transportation, agriculture, and waste management, is possible and realistic for leaving a legacy of sustainable living for our next generation.

Bangladesh must set its eyes on a path to net-zero emissions, if not by 2040s, but certainly by 2060s-2070s, in tandem with China and India.

Dr Zaidi Sattar is chairman, Policy Research Institute of Bangladesh (PRI). This is his introductory remarks at PRI-WB Webinar on Green Finance and Investment takes place on Wednesday.

Special incentives needed for green financing in all sectors: PRI

Environmental specialists said green financing is essential for achieving sustainable development

Policy Research Institute (PRI) has urged the government to provide special incentives for green financing in all sectors to overcome the challenges of climate change.

“South Korea’s exemplary strategy of green growth presents an excellent example for other rapidly growing economies like Bangladesh to follow. The lesson clearly is that for achieving sustainable and green growth, Bangladesh will have to resort to green financing,” said Dr Zaidi Sattar, chairman of PRI, at a webinar on “Incentives for Green Finance and Investment” in Dhaka on Wednesday.

“It is now established, following in-depth global research on climate and the economy, that we can be ‘green’ and we can grow. Global research by pioneer climate economist Sir Nicholas Stern (Stern Review on the Economics of Climate Change, 2006) has shown that the long-term benefits of eco-friendly economic growth far outweigh the costs,” said Dr Zaidi Sattar, who moderated the programme.

Rapid growth alongside eco-friendly power generation, industrial production, transportation, agriculture, and waste management is possible and realistic for leaving a legacy of sustainable living for our next generation, he said.

“Bangladesh cannot be left behind in the fight against the ravages of climate change. The country is gearing up both adaptation and mitigation measures of the climate resilience

strategy, all requiring additional financing for investment,” Dr Zaidi Sattar added.

Monika Kumar, environmental specialist at World Bank, made a keynote presentation titled “Incentives for Green Finance and Investment” at the webinar.

She said as per the Bangladesh Bank’s rule, banks and financial institutes have to provide 5% of loans for green finance annually, but only 1.4% was disbursed in 2020. This is not due to lack of demand as the potential for climate and green investments is greater than \$200 billion in the country.

She said the World Bank supports environmentally sustainable practices and cleaner technologies among 41,659 micro enterprises by financing \$110 million to Palli Karma-Sahayak Foundation (PKSF).

“To achieve inclusive green growth, we also need to support cottage, micro, small, and medium enterprise well. Their growth depends on accessing new markets with stricter expectations on environmental impact. So, they have to be part of the green growth pathway,” she added.

Referring to South Korea’s success story, KyungJin Hyung, CEO of Blissvine Ventures, said their Five-Year Plan outlines government actions for implementation of the strategy, and detailed tasks for ministries and local governing entities as well as specific budgets.

Under the plan, the government will spend approximately 2% of annual GDP on green growth programmes and projects. Investments will initially be geared towards infrastructure development in order to boost the economy.

“In 2020, South Korea invested around 374.28 billion South Korean won in green technology. As of 2020, there were 127 green companies that were designated by the South Korean government,” he added.

Taking part in the discussion, Syed Nasim Manzur, managing director of Apex Footwear Ltd, said the government has only exempted taxes for the green corporations in the readymade garments sector. The companies in other sectors must be given this opportunity.

“In case of import of treatment plant equipment, the companies have to pay duty to the National Board of Revenue. That needs to be changed,” he said.

Naser Ezaz Bijoy, CEO of Standard Chartered Bank, said, “One cannot make an entity green overnight. Suppose you have invested in a textile. The authorities concerned have to monitor whether you are following environment-friendly measures. We have to give incentives for things like water treatment plants, and solar power.”

Dr Ahsan H Mansur, executive director of PRI and chairman of Brac Bank, said, “Our country does not have the financial capacity to deal with the possible disasters caused by climate change. We have to prepare for this in advance.”

He further said the Bangladesh Bank has given the commercial banks a target of disbursing 5% of its loan for green financing, but it has not forced them. So, the banks are far from their target.

Dr Mashiur Rahman, chief guest at the programme, said, “Loan financing is urgent for developing green industries. This will also reduce the defaulted loans of banks. The benefits offered in RMG should be extended to other sectors.”

“The issue of giving benefits to deemed exporters like direct exporters has also been discussed for a long time. Here too everyone needs to be given equal opportunity,” he added.

<https://www.tbsnews.net/bangladesh/environment/special-incentives-needed-green-financing-all-sectors-pri-386270>

Ensure eco-friendly development: analysts

Star Business Report

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The government should take up an effective plan to ensure eco-friendly development and reshape current growth to one that is sustainable, analysts said today.

The authorities should identify why some Bangladesh Bank-financed plans are not working effectively and destroying the environment constantly, they said.

The analysts believe green finance incentive systems will work best if relevant ministries and state-owned companies collaborate.

The comments came at a virtual discussion on “Incentives for Green Finance and Investment” organised by the Policy Research Institute of Bangladesh (PRI) in collaboration with World Bank Group.

The disbursement of Bangladesh Bank’s climate funds was not done correctly as people still do not know of the advantages of green financing, said Ahsan H Mansur, executive director of the PRI and chairman of Brac Bank.

The financial institutions face capacity complexities, so the expertise of officials concerned should be developed to enable technical support for all, he added.

He also said the government has to engage the cottage, micro, small and medium enterprises for their participation in achieving inclusive green growth.

Dr Mashiur Rahman, economic affairs adviser to the prime minister, as chief guest underscored the necessity of coordination among all ministries to ensure sustainable green development.

Iqbal Abdullah Harun, additional secretary to the environment, forest and climate change ministry, was present as the special guest with PRI Vice Chairman Sadiq Ahmed as moderator, Monika Kumar, an environmental specialist of World Bank, presenting a keynote

paper, and Zaidi Sattar, chairman of the PRI, giving the opening remarks.

<https://www.thedailystar.net/business/news/ensure-eco-friendly-development-analysts-2984381>

PRI: Disbursement of green loans low

The \$200 billion green investment opportunity underutilised, say speakers at a webinar

Staff correspondent

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Despite the fact that Bangladesh has more than \$200 billion in climate and green investment opportunities and a government policy requiring banks and other financial institutions to provide 5 per cent of loans for green finance each year, the percentage of loans disbursed in the last five years has been unsatisfactory, according to the Policy Research Institute (PRI).

PRI in collaboration with the World Bank Group on Wednesday organised a webinar titled “Incentives for Green Finance and Investment”.

The session’s objective was to understand the barriers faced by the private sector to access the finance needed to adopt green products, services, projects and begin to identify policies and institutions that can address these barriers.

Bangladesh ranked 162nd out of 180 countries as most polluted countries, said speakers at the webinar quoting a 2020 report of the Environmental Performance Index of the Yale University in the United States.

The country has lost about \$6.5 billion or 3.4 per cent of its 2015 GDP due to pollution and environmental degradation in urban areas. Pollution caused nearly 28 per cent of deaths in

2015 – more than 10 times the number of deaths from traffic accidents, they added.

Speakers observed that missed opportunities for green and cost-effective nature-based solutions resulted in continuous overexploitation of national resources, over mining of groundwater, deforestation, unsustainable fishing, and deteriorated coastal habitats.

Industries are expanding, and pollution from sources such as untreated industrial chemical run-off, untreated urban sewage, agricultural, and other sources is increasing at the same time, they added.

According to PRI, various banks and non-bank financial institutions disbursed \$4.3 billion for green projects between FY2016-20, namely, renewable energy, waste management and green brick manufacturing however the results have yet to become visible.

The World Bank supports mainstreaming environmentally sustainable practices (ESP) and cleaner technologies among 41,659 micro enterprises (MEs) by financing \$110 million to Palli Karma-Sahayak Foundation (PKSF), according to a presentation given at the webinar.

The World Bank Group promotes green financing to enable the implementation of the Bangladesh government’s green growth strategies. This necessitates sustainable use of natural resources, avoiding environmental degradation, and low emissions policy measures to fight the adverse effects of climate change to boost development.

To create incentive structures for firms to adopt green practices and to improve investors’ and financial institutions’ readiness to finance green initiatives, enforcement is required. It will incentivize firms to control their environmental impact, thereby leveling the playing field between compliant and non-compliant businesses and fostering competition.

In the welcome speech, PRI Chairman Zaidi Sattar, said, “Rapid growth based on low-carbon, environmentally friendly power generation (moving to renewable energy), industrial production, transportation, agriculture, and waste management must be made possible in order to leave a legacy of sustainable living for our children and grandchildren.”

The chief guest Dr Mashiur Rahman, economic affairs adviser to the prime minister, said: “To

achieve inclusive green growth, we also need to support Cottage, Micro, Small, and Medium Enterprise (CMSME) as their growth depends on accessing new markets with stricter expectations on environmental impact and adopting circular concepts.

Among others, Iqbal Abdullah Harun, additional secretary, Ministry of Environment, Monika Kumar an environmental specialist with the World Bank, Sadiq Ahmed, vice chairman, Policy Research Institute (PRI), were present at the webinar.

<https://businesspostbd.com/front/2022-03-17/pri-disbursement-of-green-loans-low-2022-03-17>

Bangladesh must target net-zero emissions by 2040: Zaidi Sattar

BI Report || *BusinessInsider*

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Presentation cover of webinar titled

Bangladesh must set its eyes on a path to net-zero emissions, if not by 2040s, but certainly by 2060s-2070s, in tandem with China and India, Dr Zaidi Sattar, chairman of Policy Research Institute (PRI) has said.

Dr Sattar was speaking at a webinar titled “Incentives for Green Finance and Investment” organised by PRI in collaboration with the World Bank Group on March 16, at the policy dialogue platform of ‘Green Growth for Bangladesh”.

The webinar’s objective was to understand the barriers faced by the private sector to access the finance needed to adopt green products, services, projects and to identify policies and institutions that can mitigate them.

Highlighting various climate-resilient strategies taken up by the Prime Minister, Dr Sattar said mentioned the “Mujib Climate Prosperity Plan” which is about to be launched, shifts Bangladesh’s trajectory from one of vulnerability to resilience to prosperity (VRP).

However, to achieve this he mentioned, “Both market-based and non-market strategies may be adopted to achieve these goals.”

Referring to climate economist, Sir Nicholas Stern, the PRI chairman said the long-term benefits of eco-friendly economic growth far outweigh the costs and emphasised that “greening of the economy does not have to be growth reducing”.

Bringing the example of South Korea’s strategy of green growth, Dr Sattar said, “It presents an excellent example for other rapidly growing economies like Bangladesh to follow”.

“The lesson clearly is that for achieving sustainable and Green Growth Bangladesh will have to resort to Green Financing,” he added.

Dr Mashiur Rahman, Adviser to the Prime Minister (Economic Affairs), attended the occasion as the chief guest, while Iqbal Abdullah Harun, additional secretary, of the environment ministry was the special guest.

Monika Kumar, environmental specialist, World Bank, delivered the keynote presentation, and Dr Sadiq Ahmed, vice chairman of PRI moderated the session.

The presentation paper of the webinar mentioned that banks and financial institutes have to provide 5 percent of loans for green finance annually, though 1.4 percent disbursed in 2020.

Furthermore, the paper said the potential for climate and green investments is greater than \$200 billion in the country, and suggested building a virtuous cycle that can unlock green financing to reach green growth targets for Bangladesh

It mentioned that microenterprises are a critical segment of the economy in Bangladesh informing that CMEs account for around 14 million jobs, or 56 percent of total employment in all enterprises, and contribute to 25 percent of GDP.

However, CMEs’ environmental impact is a growing concern due to a substantial share of air and water pollution.

Citing several reports, the presentation paper mentioned that Bangladesh ranked 162nd out of 180 countries as most polluted and economic loss from environmental degradation approximately at \$6.5 billion 3.4 percent of GDP annually)

In 2015 air, water pollution caused nearly 28 percent of deaths in Bangladesh.

The panellists at the webinar included Syed Nasim Manzur, managing director, Apex Footwear Ltd, Dr Ahsan H Mansur, executive director, PRI and Chairman of Brac Bank, Naser Ezaz Bijoy, CEO, Standard Chartered Bank, and KyungJin Hyung, CEO, Blissvine Ventures, former director of International Business Department of Korea, Korea Technology Finance Corporation (KIBO).

<https://www.businessinsiderbd.com/economy/news/19108/bangladesh-must-target-net-zero-emissions-by-2040-zaidi-sattar>

Green investments is a potential \$200b industry in Bangladesh

Despite Bangladesh Bank’s 5% rule for green finance, only 1.4% was disbursed in 2020

Tanveer Mohiuddin

March 16, 2022 10:31 PM

In the wake of facing the challenge posed by climate change, the need for making finances more accessible for the private sector is crucial to make businesses more green and sustainable.

Despite Bangladesh Bank’s rule, Banks and financial institutions have to provide 5% of loans for green finance annually, though only 1.4% was disbursed in 2020. This, however, is not

due to a lack of demand.

According to the World Bank, the potential for climate and green investments is greater than \$200 billion in the country.

Policy Research Institute (PRI) in collaboration with the World Bank Group organized a webinar titled “Incentives for Green Finance and Investment” at the policy dialogue platform of Green growth for Bangladesh on March 16.

In the opening remarks, Dr Zaidi Sattar, chairman of PRI said: “Bangladesh must set its eyes on a path to net-zero emissions, if not by 2040s, but certainly by 2060s-2070s, in tandem with China and India.”

Monika Kumar, an environmental specialist at the World Bank presented the keynote presentation where she discusses approaches the government of Bangladesh can take in order to facilitate the green growth strategy for Bangladesh that will help integrate the socio-economic development with long-term environmental sustainability.

She said: “The pandemic has allowed us to create a new normal. One that is more equitable, inclusive, green and sustainable.”

“Enforcement is needed to establish incentive structures for businesses to adopt green practices and help increase investors’; and financial institutions’ willingness to support green projects. It will encourage businesses to manage their environmental impact, which helps level the playing field between complying and non-complying businesses, thus creating competitiveness.”

Monika added that South Korea’s strategy of Green Growth presents an excellent example for other rapidly growing economies like Bangladesh to follow, meaning, in order to achieve sustainable Green Growth, Bangladesh will have to resort to Green Financing.

Business leaders from the private sector also took part in the discussion where they gave their own opinions about how to make green financing more accessible.

“Financial institutions should not only limit themselves to prioritizing the export-oriented businesses but also fund green startups and factories which are manufacturing for the local market as well,” said Syed Nasim Manzur, managing director of Apex Footwear Ltd.

He suggested outsourcing of inspection and certification to third parties to maintain credibility and also asked to bring both private and public universities together to fill the technology gap which is needed to address the climate issues.

Manzur also said there should not be an import tax imposed on pollution treatment equipment and the policy regarding this should be changed on an urgent basis in order to encourage the private sector.

In the discussion, some major barriers to access green finance were mentioned, such as a lack of legal and regulatory framework, inadequate environmental monitoring, lack of well-coordinated policy oversight body and underdeveloped green financial market knowledge and capacity.

Dr Mashiur Rahman, advisor to the Prime Minister (Economic Affairs) took part in the discussion as the chief guest. He suggested there should be professionals and experts relevant to the environment in the Planning Commission.

“There is way too much advocacy compared to the technical aspects being discussed when it comes to talking about the environment,” he said.

He also suggested that renewable energy sources such as solar power plants should be established in the northern parts of the country to make the best use of the land, as the region itself did not experience too much industrialization due to lack of access to the port or raw materials in comparison to Dhaka, Chittagong and other southern regions of the country.

Dr Ahsan H Manzur, executive director of PRI; Iqbal Abdullah Harun, additional secretary, Ministry of Environment; Naser Ezaz Bijoy, CEO of Standard Chartered bank; KyungJin Hyung, CEO of Blissvine Ventures and the former senior manager of International Business Department of KIBO also spoke at the discussion.

