



Draft Resolution on Adopting a Road Map Providing for Measures to Stimulate Green Finance

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We, the Members of the Asian Parliamentary Assembly,

Recalling the decisions taken by the Working Group on Green Finance (19 April 2019, Naryan-Mar Russia), Standing Committee on Economic and Sustainable Development (26 June 2018, Pissouri, Cyprus), as well as the final results of development and consideration of a Road Map providing for measures to stimulate Green Finance that is prepared in pursuit of implementing the mentioned decisions,

Recommend

1. To approve and adopt for implementation a Road Map providing for measures to stimulate Green Finance within the APA member-countries contour.
2. To establish the **Asian Climate Financial Initiative (ACFI)**, an international information and methodology center, in order to build and further the process of information and methodological support for developing the Green Finance system within the APA member-countries contour and to arrange the works on verification, certification and introduction of a combined register of the Green Finance instruments.
3. To establish the APA Supervisory Board to involve organization's members for coordinating and monitoring the **ACFI** activity and strategic development.

Call on the APA member-parliaments and governments to contribute to engaging in the joint work within the **Asian Climate Financial Initiative** the national agencies working in the field of Green Finance and central banks, ministries of ecology and other government institutions jointly with professional community empowered with the matters of Green Finance.

On the Necessity of Adopting the Resolution on Green Funding and Enhancing Economic Growth in Asia

The development of Green Economy and Green financial instruments is an undeniable benefit that should be equally shared among people all over the world, both current and future generations.

Rapid climatic changes are largely the result of anthropogenic activities. Taking measures at a national level to combat climate change in accordance with Paris Agreement (for example, carbon emission taxes, construction of carbon-free power plants, establishing of quota trading systems) is often economically unjustified and can result for exporting countries in decrease in demand (coal, oil, gas and their refined products) even in the medium-term perspective. Thus, the investment and credit potential of the largest companies of Asia will be reduced.

These risks can lead to liquidation of many enterprises and elimination of entire industries or transfer of costs to products consumers, i.e. population.

We believe that before a comprehensive assessment of the social economic consequences, the adoption of radical measures to limit greenhouse gas emissions should be replaced by "softer" measures, including:

- measures to improve preservation and energy efficiency;
- promotion of reforestation (Russian taiga is one of the main CO₂ absorbers in the world);
- increasing green technologies share in economy;
- development of green financial instruments with state support
- limitation of agricultural greenhouse emissions due to introduction of modern technologies;
- development of existing key achievements and plans to control greenhouse emissions using modern technologies.

Moreover, according to experts, it is necessary to create a scientifically proven methodology for accounting of emissions volumes and greenhouse gases absorption. Current international and national methodology does not fully take into account the absorbing capacity of Russian forests, understating them by 2-3 times compared to the USA, Finland or Sweden.

The development of green financial instruments also faces a similar methodology problem. "Green bonds ideologists" "having got hold of" the functions of standardization, taxonomy and prioritization of the content of financial instruments, create, first of all, a beneficial atmosphere for green financial instruments that fulfill the task of decarbonization of economy and the development of low-carbon programs.

As for forests and drinking water supplies preservation, biodiversity development and unique areas preservation as well as developing a waste management system are not methodological priorities.

Therefore, we consider it important to:

1. Create an alternative methodological system for standardization and verification of green financial instruments, taking into account not only the future needs but also the current capabilities of the country's economy.
2. Elaborate, institutionalize, and reasonably advocate national priorities in green finance at an international level.
3. Call upon Asian countries to cooperate in developing various approaches to reduce harmful anthropogenic impact on climate change: one country may first of all reduce the consumption or sale of hydrocarbons. Another country may keep forests secure. There are no scientifically proven data that the planet benefits more from high-tech wind or solar farms than from Siberian forests and lake Baikal which is the largest fresh water reservoir on the planet.
4. We should use what we have as the global green currency and what we can develop without harming the development of our national economies.
5. The result of the Technical Working Group activities shall lead to elaborating a roadmap on providing green funding measures, including through the involvement of development institutions (e.g. Asian Development Bank, the New Development Bank, etc.).

**Structure of the Roadmap on the Establishment of an International Center on Methodology and Validation of Climate Financial Instruments
in the Contour of the Asian Parliamentary Assembly (APA)**

Asian Climate Financial Initiative (ACFI)

N^o	Activities	Term	Comment
1	Preparation of an Asian Climate Financial Initiative (ACFI) Public Memorandum		
1.1	Sustainable Development Goals (SDGs) and potential contribution of APA Member-States into their achievement.		
1.2	APA Member-States overview in the context of the existing international system of methodological support, verification and validation of green financial instruments. (See the highlights for the country review in Appendix 1).		
1.3	Background, tasks and objectives of establishing an Alternative International “Green” Center Asian Climate Financial Initiative (ACFI) in the contour of APA Member-States upon ASEAN ¹ experience.		
1.4	Table No. 1 “APA countries in the context of green economy and climate bonds”. Table format - Annex 2.		
2	Asian Climate Financial Initiative (ACFI) institutionalization action plan		
2.1	Adoption of the Initiative within APA		
2.2	Drafting regulatory documents (Charter, Fundamental principles of Membership, etc.)		

¹ ASEAN includes Brunei Darussalam, Vietnam, Indonesia, Cambodia, Laos, Malaysia, Myanmar, Singapore, Thailand and the Philippines. In 2017, in the run-up to the ASEAN summit in Manila (Philippines) the financial regulators of ASEAN Member-Countries held the ASEAN Capital Markets Forum in Kuala Lumpur (Malaysia). The Forum adopted ASEAN Green Bond Standards (AGBS) drafted by ICMA. The standards comprise the criteria for green bonds and guidelines for the four key components of the projects funded by green bonds (raising funds, project assessment and selection process, fund management, reporting procedure). Standards-compliant papers are AGBS labelled but this label cannot be applied to any projects involving any kind of fossil fuel.

№	Activities	Term	Comment
2.3	Drafting and adoption of organizational and financial issues (status, location, financing mechanism)		
2.4	Establishing an official group of the Asian Climate Financial Initiative (ACFI) representatives and its mandate, starting budget and sources of its formation before the legal entity becomes official. Legal entity registration and entering its legal capacity.		
2.5	Joining a non-profit organization of the Asian Climate Financial Initiative (ACFI) by APA Member-States, accommodation in the office, budge formation, staff recruitment.		
3	Activities for the development and adoption of principles, taxonomy, methodology development procedure and its implementation		
3.1	Development and adoption of the principles and other ideological documents of Asian Climate Financial Initiative (ACFI)		
3.2	Development and adoption of the taxonomy matrix		
3.3	Development of methodology for climate bonds, loans, projects, etc.		
3.4	Cooperation on this set of activities with major market players (international organizations, verifiers, validators, rating agencies, consultants, etc.)		
4.	Activities for the development of criteria / indicators of green projects and programs to implement which climate financial instruments can be issued according to ACFI		
4.1	Development of criteria for state bodies projects and programs (sovereign, regional, municipal bonds)		
4.2	Development of criteria for national and international development institutions projects and programs		
4.3	Criteria for projects and programs of non-financial commercial organizations		
4.4	Criteria for projects and programs of financial commercial organizations		

№	Activities	Term	Comment
5	Activities for establishing the system of verification and validation of climate financial instruments according to ACFI		
5.1	Pooling of verifiers, validators, consultants, rating agencies for climate financial instruments according to ACFI		
5.2	Drafting and adopting the Recommendations for the preparation of climate bonds issue and their circulation according to ACFI (verification system)		
5.3	Drafting and adopting the Recommendations for the compliance assessment of climate bonds issue to the ACFI principles (validation system)		
5.4	Drafting and promoting the pilot issue of climate bonds according to ACFI		
5.5	Drafting and adopting the Recommendations for the preparation and compliance assessment of other financial instruments according to ACFI		
6	Activities for cooperation and promotion of ACFI among APA counties and internationally		
6.1	Consultancy support of APA Member-Countries in the establishment of national institutions in the field of green funding and climate bonds		
6.2	International cooperation and integration into the global system of green financial instruments		
6.3	Establishing the Center and communication tools, elaborating a public communication plan and its implementation		

INDIA

Memorandum on "Requirements for placement and listing of green bonds" of the Securities and Exchange Board of India (Indian regulator)

https://www.sebi.gov.in/sebi_data/meetingfiles/1453349548574-a.pdf

Green bonds according to ICMA register (examples of companies that issued green bonds):

Greenko group

https://www.icmagroup.org/Emails/icma-vcards/greenkogroup_External%20review%20report.pdf

Jain Irrigation Systems Ltd. https://www.icmagroup.org/Emails/icma-vcards/jain_irrigation_External%20Review%20Report.pdf

YES BANK Ltd

https://www.icmagroup.org/Emails/icma-vcards/YES%20BANK-%20External%20Review%20report_101116.pdf

Climate bonds (examples):

Power Finance Corporation - December 2017, \$ 400 million, 10 years, KPMG India

Indian Rail Finance Corporation (Indian Railway) - December 2017, \$ 500 million, 10 years, KPMG India

Indian Renewable Energy Development Agency Ltd - September, 2017, INR 19.5 bln 300, several (5 and 10 years), Emergent Ventures India

There are 10 issues in the register with a total volume of 2.6 billion dollars, the verifiers are KPMG India and Emergent Ventures India

INDONESIA

In response to sustainable development and development issues as well as investment opportunities offered by clean development, Indonesia has taken a series of sustainable financial measures to encourage Indonesia's transition to sustainable and low-carbon economic growth. In December 2017, the Financial Services (OJK) issued a regulation on green bonds that was intended to raise capital for green projects. The OJK Regulation number 60 / POJK.04 / 2017 sets out the standard for issuing green bonds in Indonesia. This standard is a combination of generally accepted Green Bond standards, such as Green Bond Principles, ASEAN Green Bond standards and Climate Bond Initiatives with specific adaptations for the capital market in Indonesia.

<https://www.ey.com/id/en/services/assurance/climate-change-and-sustainability-services/ey-future-wave>

Green bonds according to ICMA register (examples):

PT Sarana Multi Infrastruktur (Persero)

https://www.icmagroup.org/Emails/icma-vcards/PT%20SMI_Market%20Information%20Template.pdf

https://www.icmagroup.org/Emails/icma-vcards/PTSMI_External%20Review%20Report.pdf

Star Energy Geothermal (Wayang Windu) Ltd

https://www.icmagroup.org/Emails/icma-vcards/Star%20Energy_External%20Review%20Report.pdf

ICMA Sustainable Development Bonds (examples):

Tropical Landscapes Finance Facility I ("TLFF I")

https://www.icmagroup.org/Emails/icma-vcards/TLFF_Market%20Information%20Template.pdf

https://www.icmagroup.org/Emails/icma-vcards/TLFF_External%20Review%20Form.pdf,

https://www.icmagroup.org/Emails/icma-vcards/TLFF_External%20Review%20Report.pdf

CHINA

On December 22, 2015, the People's Bank of China issued a notice stating that green financial bonds were introduced into the interbank bond market to speed up the construction of a green financial system.

http://www.gov.cn/xinwen/2015-12/22/content_5026636.htm

The total issue of green bonds in China in 2017 reached \$ 37.1 billion dollars (248.6 billion yuan), which is 4.5% more than the previous record year. The issuance of bonds in the amount of \$ 22.9 billion dollars (RMB 154.3 billion) out of this sum is aligned with international standards, which account for 15% of the global green bonds issuance making China the second largest green bonds market in the world.

<https://www.climatebonds.net/resources/reports/china-green-bond-market-2017>

Green bonds according to ICMA register (examples):

Beijing Capital Group https://www.icmagroup.org/Emails/icma-vcards/BCG_External%20Review%20Report.pdf

Hong Kong and China Gas Company Limited (Towngas Group)

https://www.icmagroup.org/Emails/icma-vcards/HKCG_External%20Review%20Report.pdf

Industrial and Commercial Bank of China https://www.icmagroup.org/Emails/icma-vcards/ICBC_External%20Review%20Report.pdf

Link Reit

https://www.icmagroup.org/Emails/icma-vcards/link_reit_External%20Review%20Report.pdf

Modern Land (China)

https://www.icmagroup.org/Emails/icma-vcards/Modern%20Land_External%20Review%20Report.pdf

MTR Corporation Ltd.

https://www.icmagroup.org/Emails/icma-vcards/MTR_External-Review-Report.pdf

Swire Properties

https://www.icmagroup.org/Emails/icma-vcards/Swire%20Properties_External%20Review%20Report.pdf

Tianjin Rail Transit Group

https://www.icmagroup.org/Emails/icma-vcards/TianjinRailGreenBond_External%20Review%20Report.pdf

Climate bonds (examples):

China Three Gorges Corporation, June 2017, \$ 726 million, 3 years, wind, EY Asia Pacific

In March 2017, the People's Bank of China and the European Investment Bank announced the creation of a joint green funding initiative to translate green definitions between China and the European market countries. Such a translation can help avoid duplicate verification and certification and help reduce the cost of issuing green bonds.

The Finance and Banking Committee of the Green Finance Committee was established in April 2015 with the approval of the People's Bank of China. The Committee is a non-profit professional organization that studies and coordinates green funding initiatives of member institutions.

As of October 2017, the Green Finance Committee had about 190 member institutions, including all major Chinese banks and many insurance companies, assets owners and managers, brokers, green companies, third-party service providers, and green funding research institutions. Financial assets managed by member institutions amount to 120 trillion yuan, which is about 70% of China's total financial sector assets. In December 2015, GFC announced a project catalog approved by Green Bonds in China (GB catalog).

APA Member-States within the Context of Green Economy

No	APA Member-State	National regulatory/non-regulatory documents	National methodological center (name, website)	Experience in verification and issuance of climate bonds and other financial instruments	Cooperation with existing International centers on climate bonds and other financial instruments	Characteristics / unique advantages of a country with due account for the contribution to the achievement of SDGs
1.	Azerbaijan					
2.	Afghanistan					
3.	Bangladesh					
4.	Bahrain					
5.	Bhutan					
6.	Vietnam					
7.	India					
8.	Indonesia					
9.	Iraq					
10.	Iran					
11.	Jordan					
12.	Yemen					
13.	Kazakhstan					
14.	Cambodia					
15.	Cyprus					
16.	Kyrgyzstan					
17.	Kiribati					
18.	PRC					
19.	DPRK					
20.	Kuwait					
21.	Lao DPR					
22.	Lebanon					

No	APA Member-State	National regulatory/non-regulatory documents	National methodological center (name, website)	Experience in verification and issuance of climate bonds and other financial instruments	Cooperation with existing International centers on climate bonds and other financial instruments	Characteristics / unique advantages of a country with due account for the contribution to the achievement of SDGs
23.	Malaysia					
24.	Republic of Maldives					
25.	Mongolia					
26.	Nepal					
27.	UAE					
28.	Pakistan					
29.	Palau					
30.	Palestine					
31.	Republic of Korea					
32.	Russian Federation	No	No	No	No	- Largest supplies of fresh water - World's second forest area - Unique natural areas
33.	Saudi Arabia					
34.	Singapore					
35.	Syria					
36.	Tajikistan					
37.	Thailand					
38.	Tonga					
39.	Turkey					
40.	Uzbekistan					
41.	Philippines					
42.	Sri Lanka					