

Project LINK meeting

Beyond growth: Towards a green future

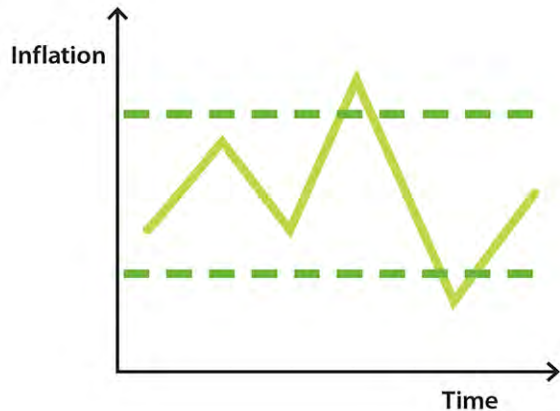
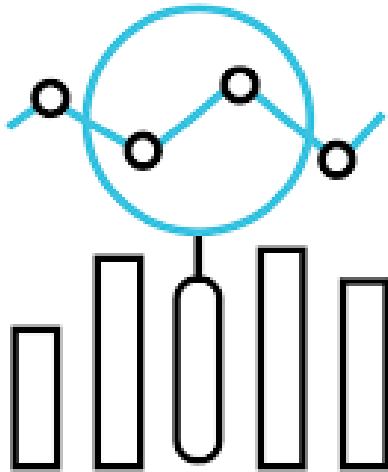
Sweta C. Saxena

New York | June 19, 2019



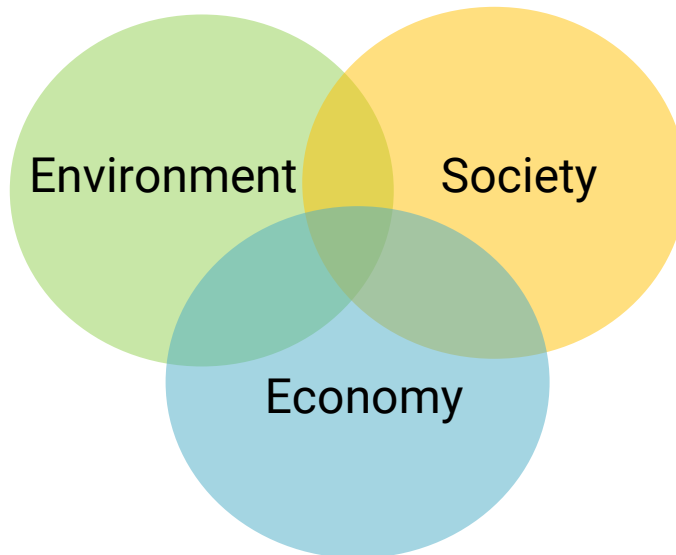
MAIN MESSAGES

- Broadly **stable growth outlook** and low inflation



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- ...has come at a cost of **social inclusiveness** and **environmental degradation**



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- Need an annual additional investment of **\$434 billion \approx 27¢/person/day \approx 1 per cent of GDP** to achieve a greener future.



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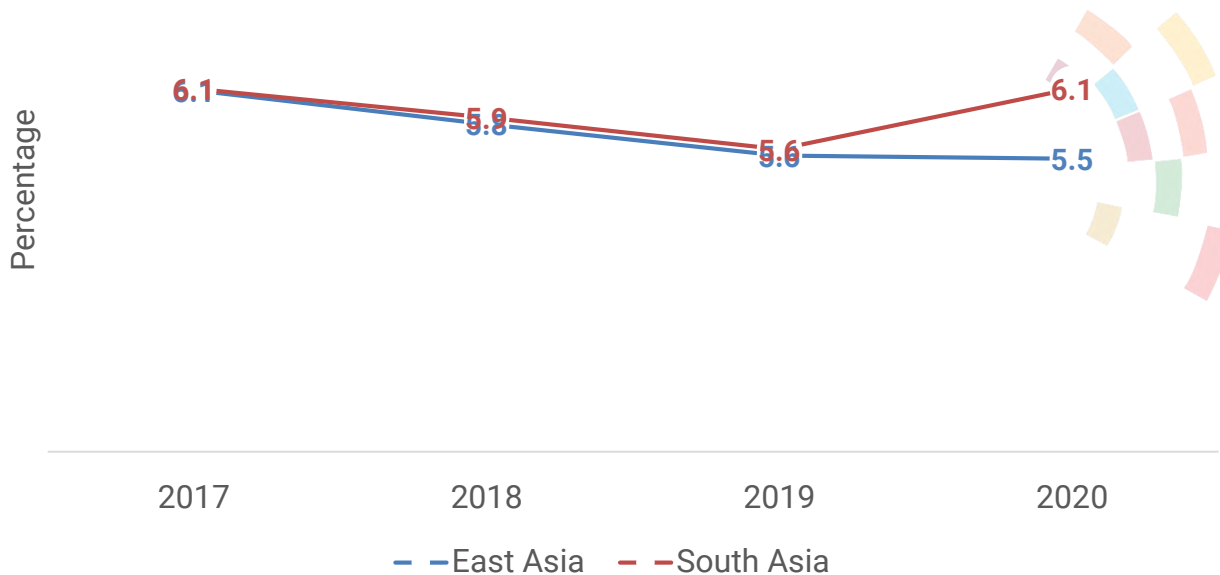
- Broadly **stable growth outlook** and low inflation
- ...has come at a cost of **social inclusiveness** and **environmental degradation**
- **Time to raise our ambitions beyond economic growth**
- Need an annual additional investment of **\$434 billion \approx 27¢/person/day \approx 1 per cent of GDP** to achieve a greener future.
- These ambitions are **largely affordable with strong development partnership.**



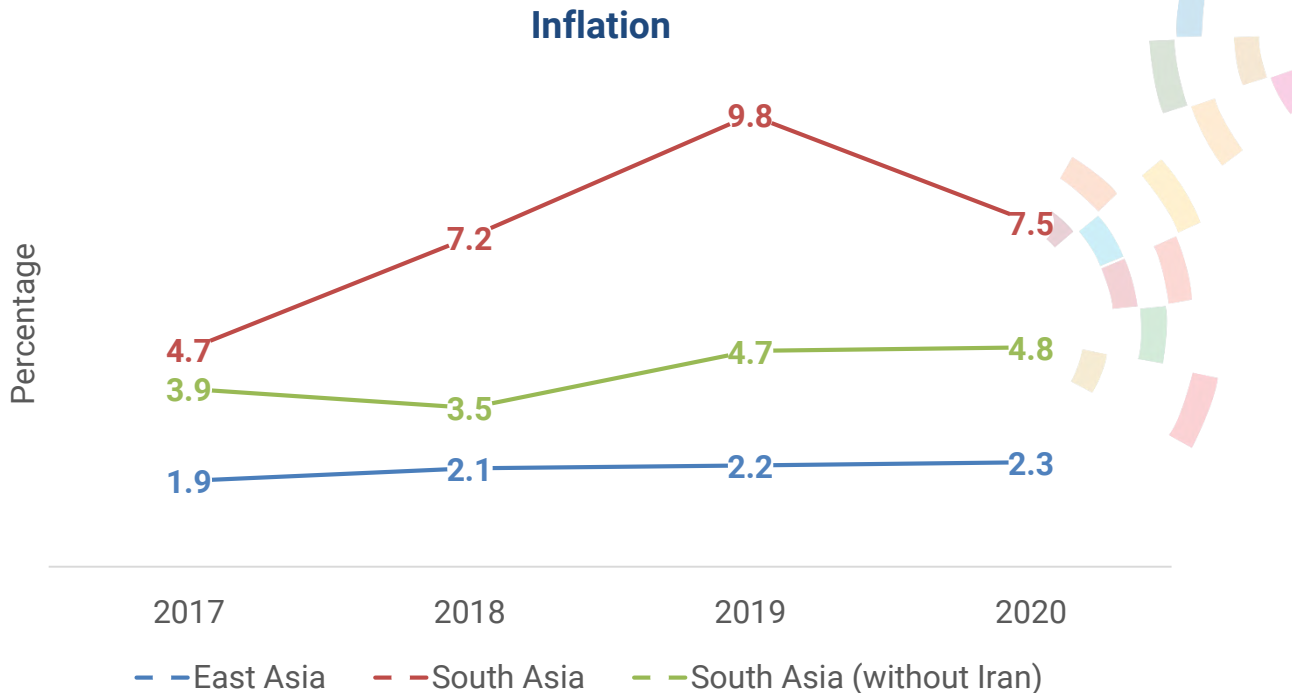
Economic outlook for East and South Asia

Economic conditions in East and South Asia are largely stable

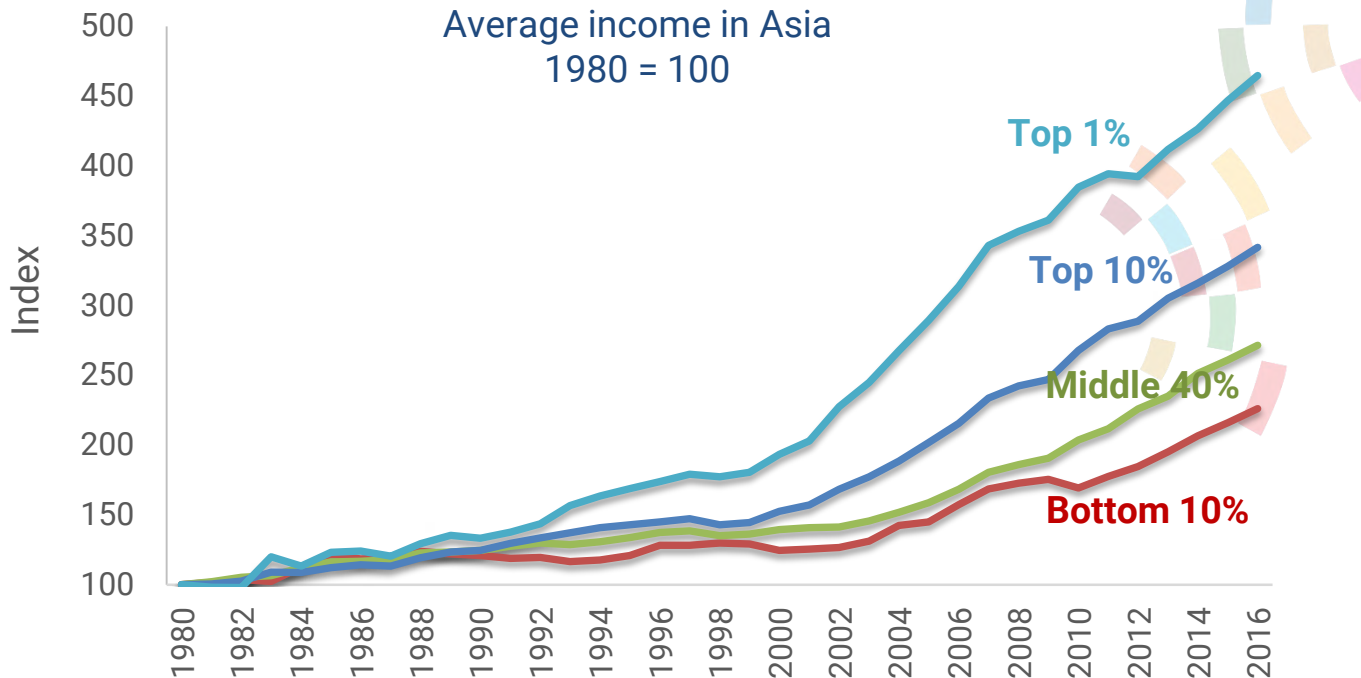
GDP growth, year on year



Inflation remains at a relatively low level

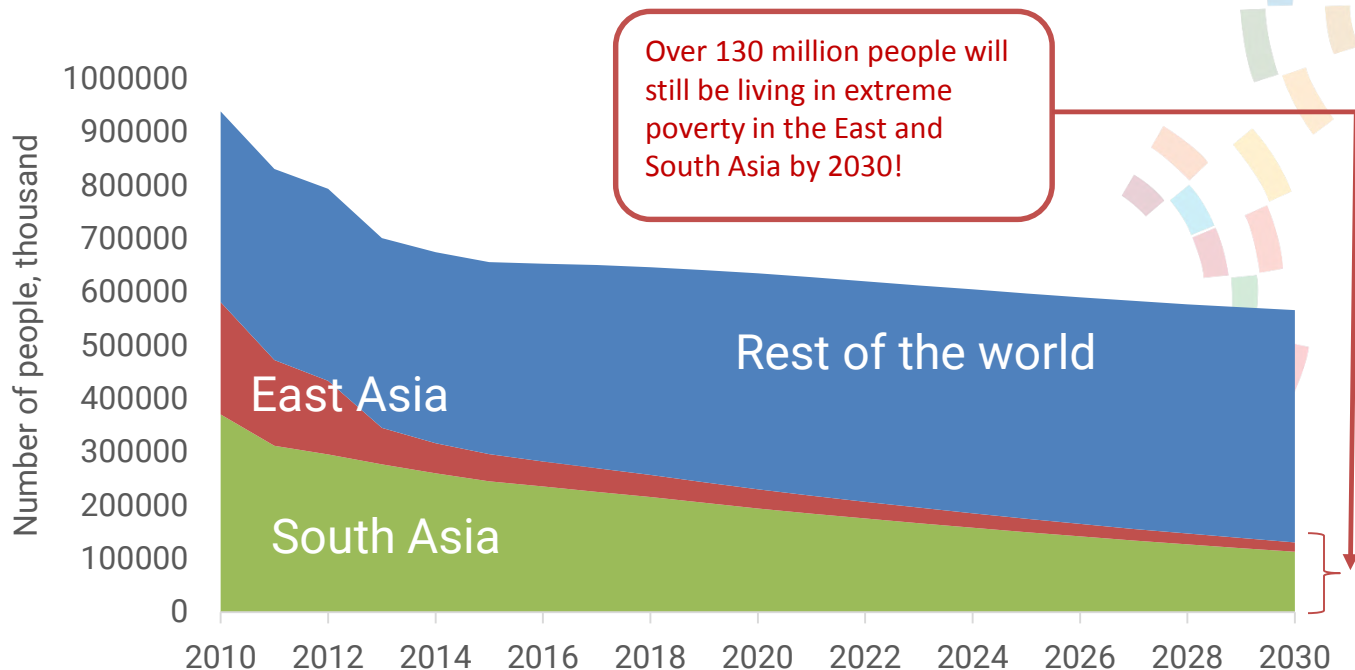


Focusing on growth alone has come at a cost to social inclusiveness...



Source: World Inequality database (accessed on 31 January 2019)

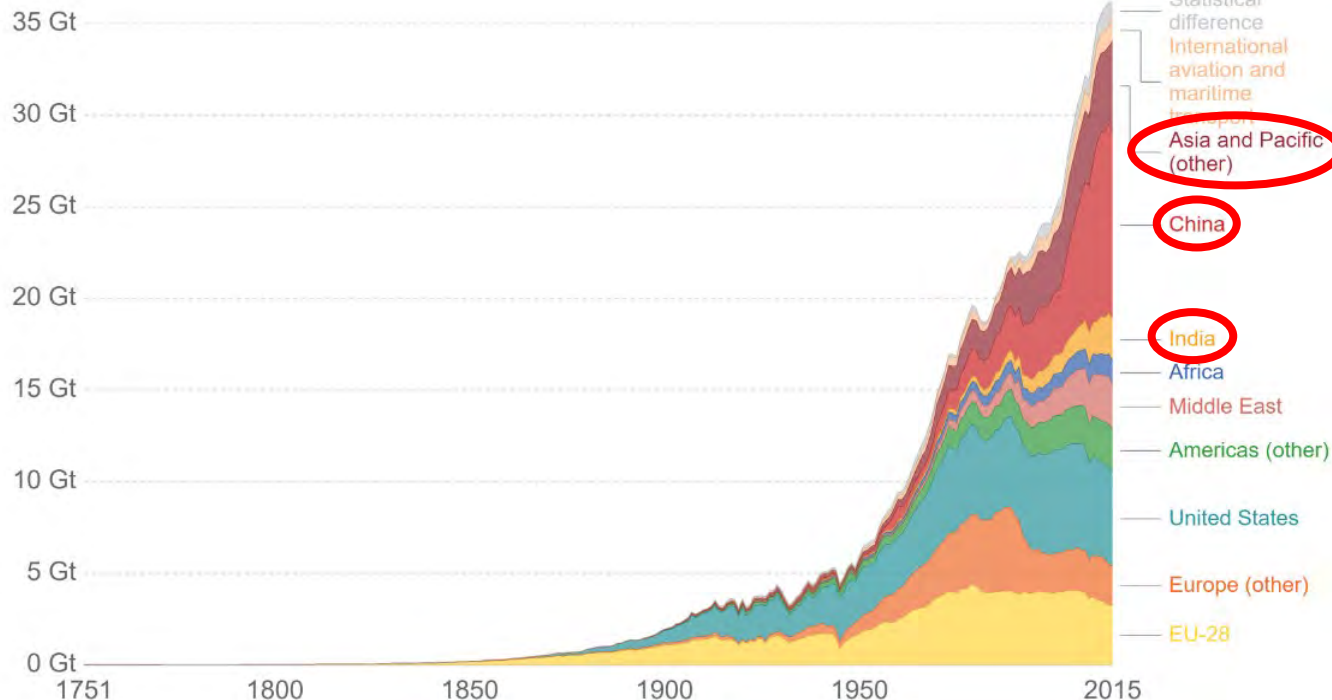
... without further action, hundreds of millions will still live in extreme poverty



Data source: DESA estimation

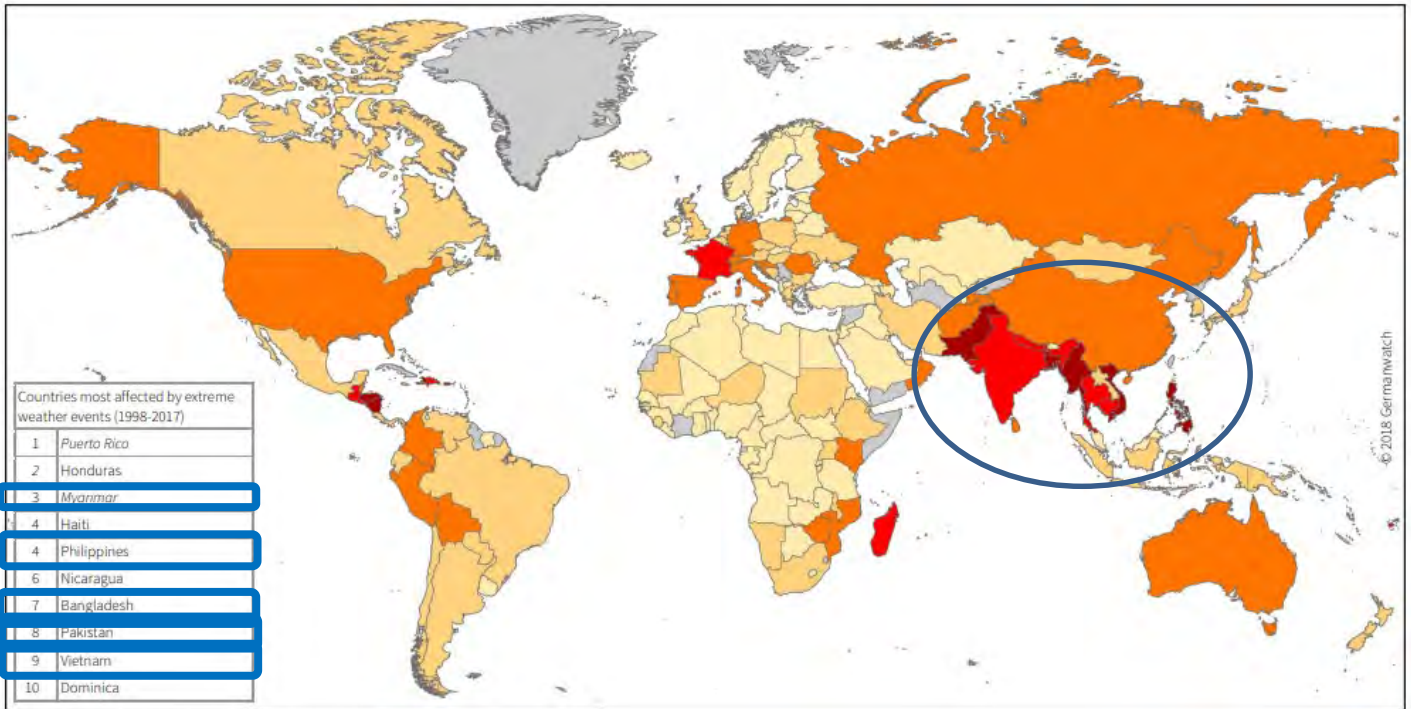
...and has come at a heavy cost to the environment...

Annual CO₂ emissions in billion tonnes (GT)



Source: Carbon Dioxide Information Analysis Centre (CDIAC).

5 out of the top 10 countries in the world that are most severely affected by climate change are located in the region



Italics: Countries where more than 90% of the losses or deaths occurred in one year or event

Climate Risk Index: Ranking 1998 - 2017 1-10 11-20 21-50 51-100 >100 No data

Figure 1: World Map of the Global Climate Risk Index 1998-2017

Source: Germanwatch and Munich Re NatCatSERVICE

The image features a hand planting a small green seedling into a stack of silver coins. In the background, there is a 3D bar chart with four bars of increasing height, colored yellow, pink, blue, and green. The entire scene is set against a dark, textured background resembling soil. A semi-transparent grey box contains the main text.

For a future that we want: Investment in Sustainable Development Goals

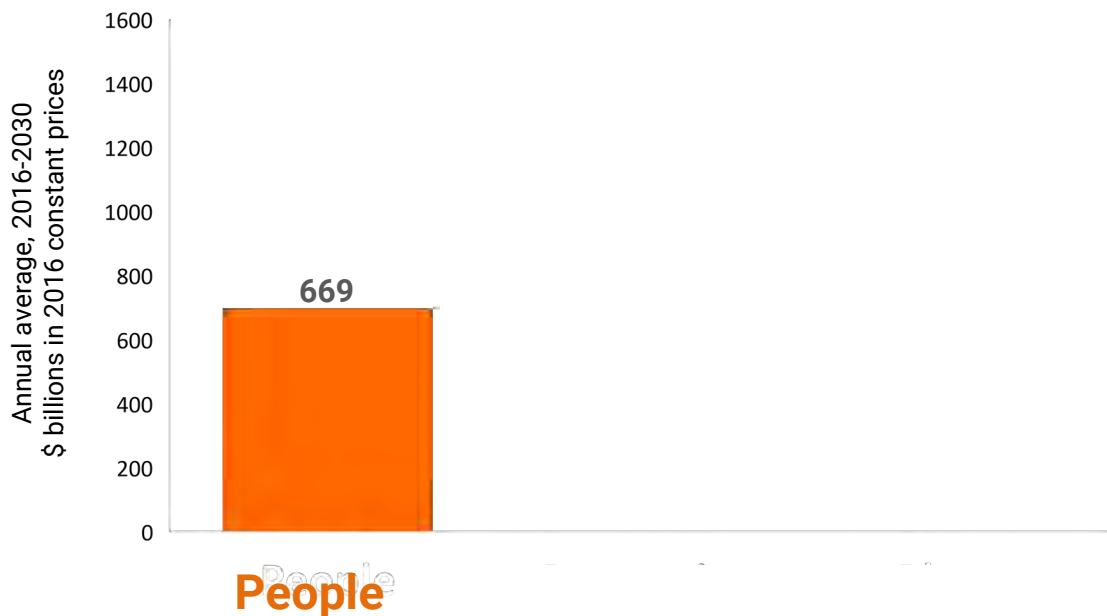
From 17 Goals to 3 dimensions...
spanning **people**, **prosperity** and **the planet** ...
supported by good governance and strong partnerships



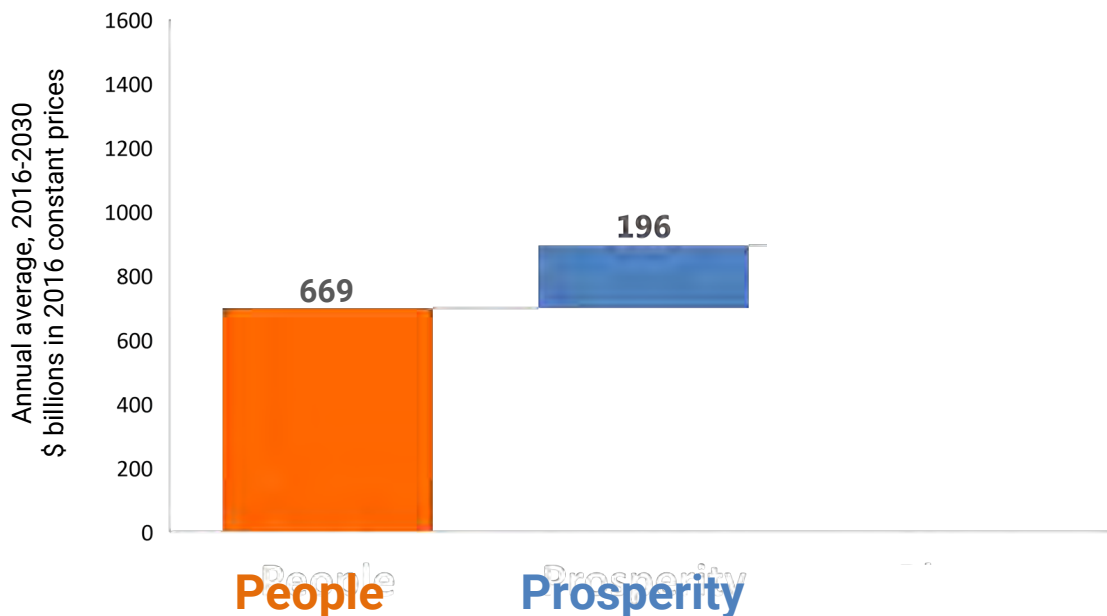
Survey 2019 estimates an investment gap of
\$1.5 trillion per year or 5% of GDP for developing
Asia-Pacific ...



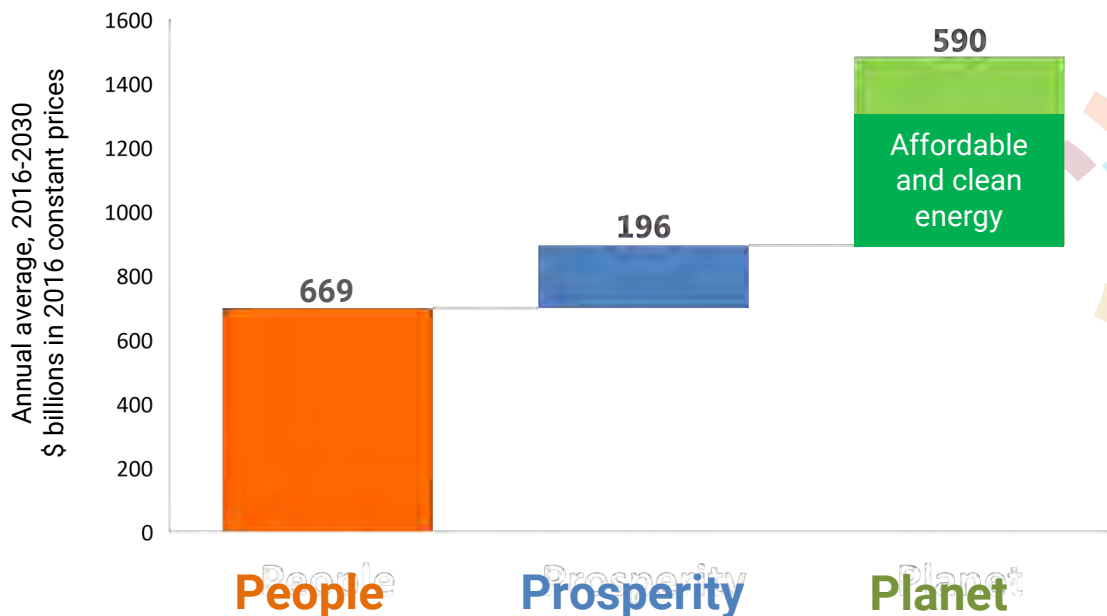
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... or \approx \$1 per person per day

It's within reach!



CLEAN ENERGY
FOR ALL

PROTECTION
FOR NATURE

37¢

\approx \$1

43¢

NO POVERTY
& ZERO
HUNGER

HEALTH AND
EDUCATION

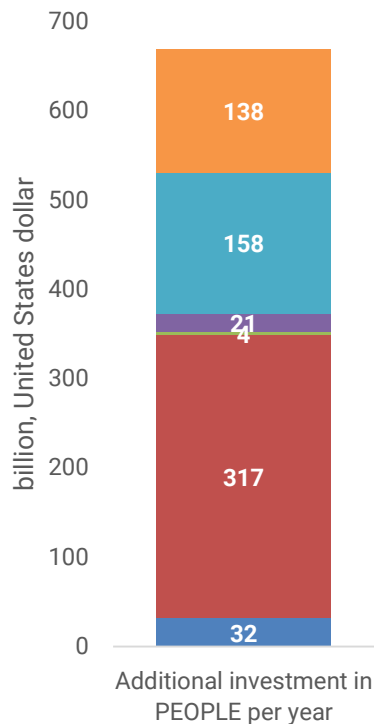


12¢

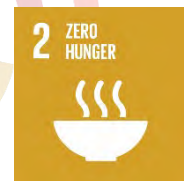
SUSTAINABLE
INFRASTRUCTURE
FOR ALL



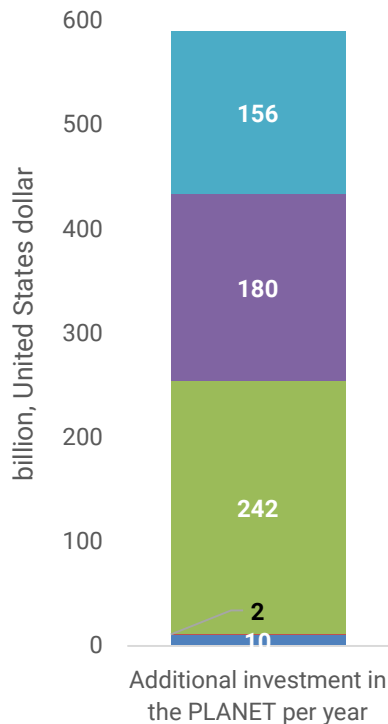
Investing in **PEOPLE** to realize basic human rights and human capacities



- Universal access to quality education
- Universal health coverage
- Agricultural productivity
- Nutrition-specific interventions
- Social protection floor
- Targeted cash transfer



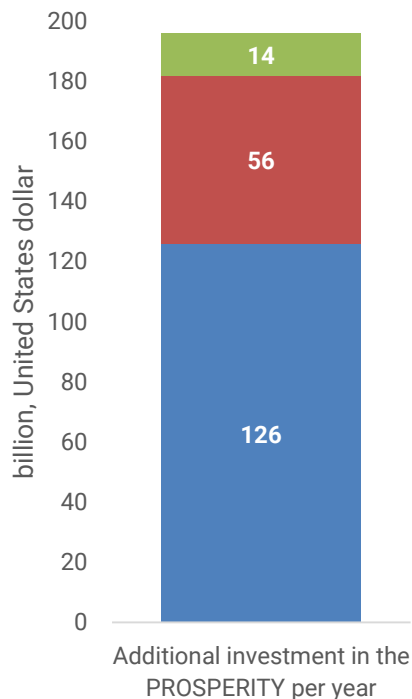
Investing in **PLANET** to secure our future through clean energy and climate action and living in harmony with nature



- Biodiversity
- Energy efficiency
- Renewable energy
- Universal access to clean cooking
- Universal access to electricity



Investing in **PROSPERITY** to improve access to infrastructure

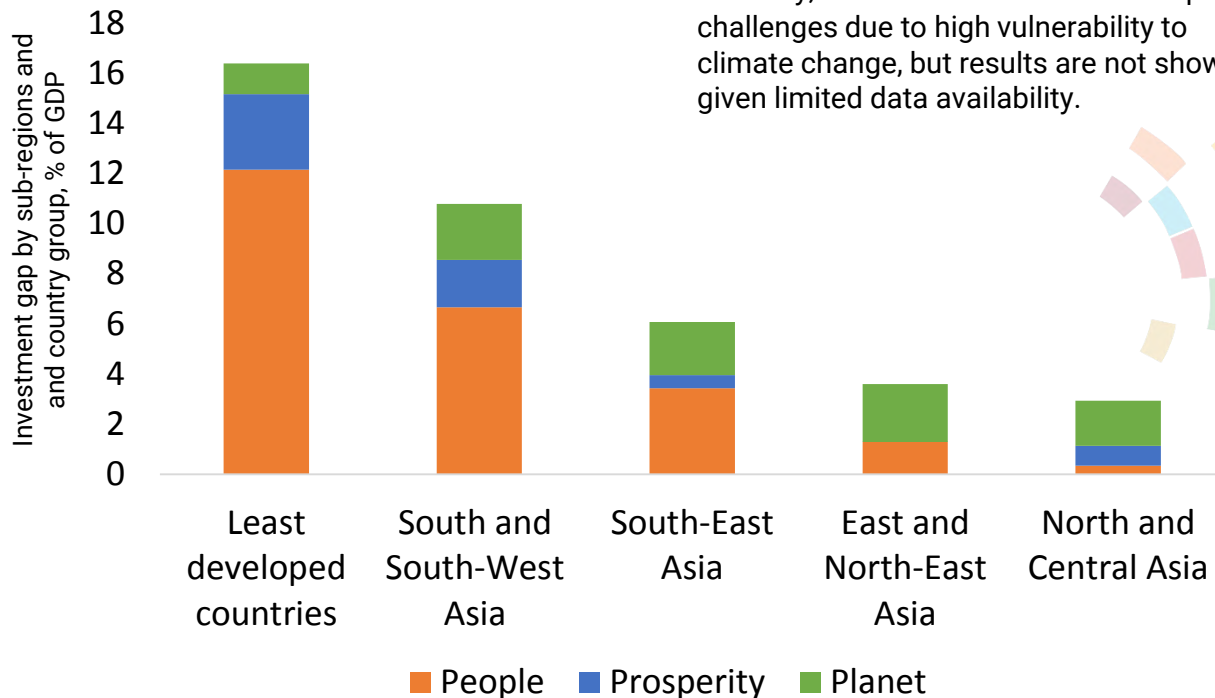


- Water and sanitation
- Information and communications technology
- Transport



Investment gap varies significantly across the region, rising to 16% of GDP in **LDCs** and 10% in **South Asia**

Similarly, **Pacific SIDS** face steep challenges due to high vulnerability to climate change, but results are not shown given limited data availability.



A hand is shown holding a small, vibrant globe. The globe is a microcosm of sustainable development, featuring wind turbines on a green hill, a small town with houses, a rainbow, a body of water with a fish and birds, and colorful balloons in the sky. The background is a bright blue sky with white clouds.

Investing in SDG 7: Affordable and clean energy

Methodology

- **Model:** International Energy Agency's **World Energy Model**
- **Scenarios:**

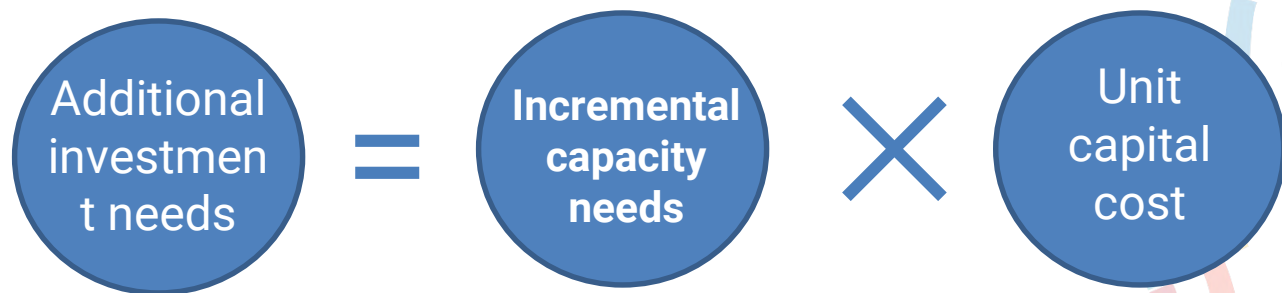
Current Policies Scenario (CPS)	New Policies Scenario (NPS)	Sustainable Development Scenario (SDS)
Baseline scenario	NDC scenario	SDG integrated scenario
Policies and measures enacted or adopted by mid-2018.	Baseline scenario + policies announced but not implemented as of 2018.	Achieve SDG 7 + Paris Agreement.

Methodology - continued

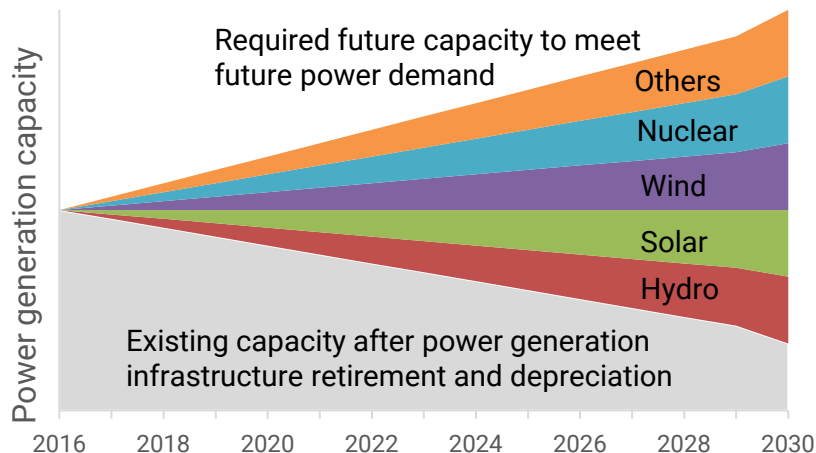
- Group targets under Goal 7 to estimate investment needs

- Goal 7.1: By 2030, ensure **universal access** to affordable, reliable and modern energy services
- Goal 7.2: By 2030, increase **substantially** the share of renewable energy in the global energy mix
- Goal 7.3: By 2030, **double** the global rate of improvement in energy efficiency

Methodology: Goal 7.1 & 7.2

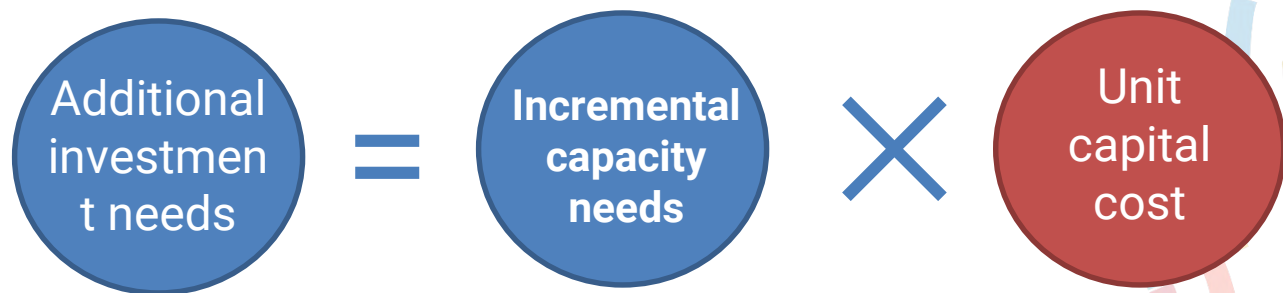


Methodology: Goal 7.1 & 7.2



- Future energy demand projection
 - GDP growth
 - Inflation
 - Population
 - Urbanization
 - Historical energy demand by different energy type (e.g. coal, solar, hydro, wind, nuclear etc.)
- Future energy demand by energy type, based on different scenarios

Methodology: Goal 7.1 & 7.2



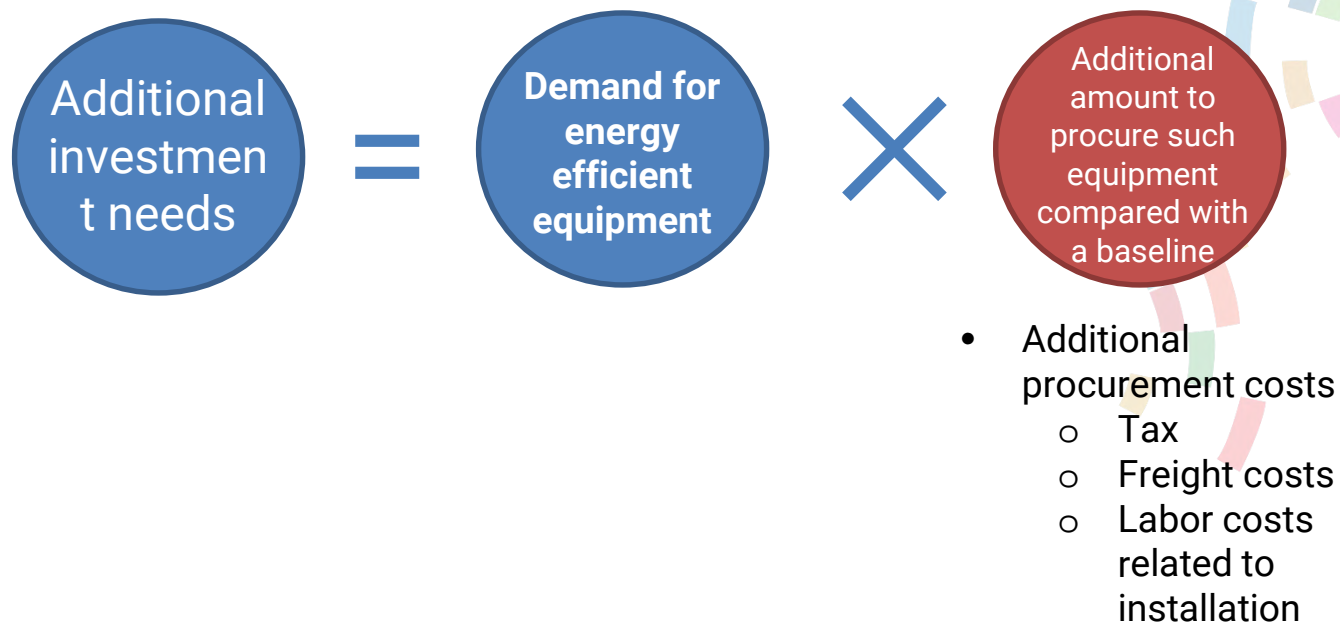
Country-level unit capital cost to build energy infrastructure by different energy type

Methodology: Goal 7.3



- Future demand for energy efficient equipment
 - GDP growth
 - Inflation
 - Population
 - Urbanization
- Future demand for energy-efficient equipment by sectors (transport, buildings and industry) in different scenarios

Methodology: Goal 7.3





Investing in SDG 7: The results

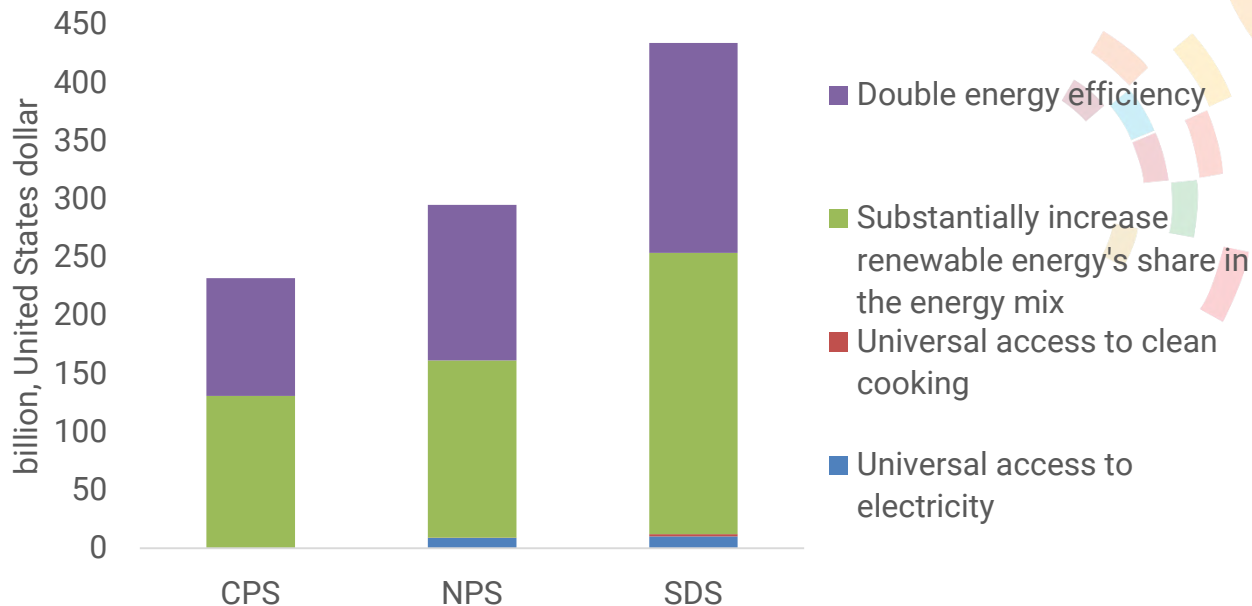
Developing Asia-Pacific countries need an annual additional investment of **\$434 billion** during 2018 – 2030 to **achieve SDG 7**

(Unit: billion USD, 2016 prices)

	CPS	NPS	SDS
SDG7.1 Universal access to electricity	-	8.6	10
SDG7.1 Universal access to clean cooking	-	0.4	2.0
SDG7.2 Substantially increase renewable energy's share in the energy mix	131	152	242
SDG7.3 Double energy efficiency	101	134	180
Total	232	295	434

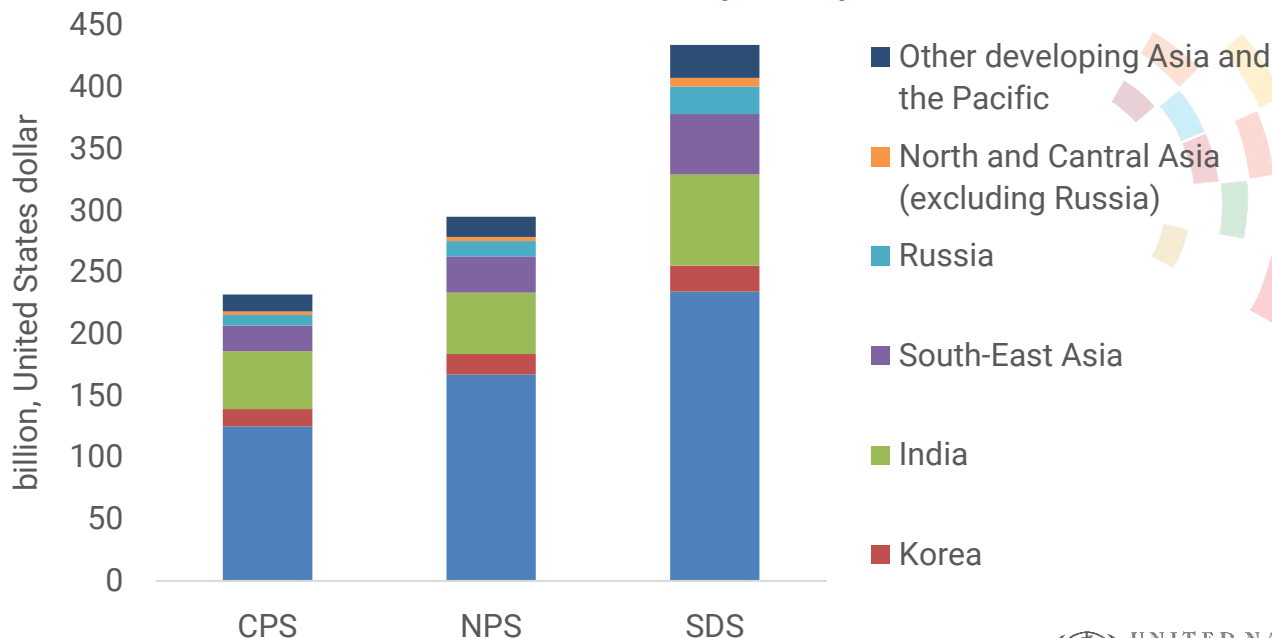
Most investment is needed to **increase renewable energy's share** in the energy mix and **improve energy efficiency**

Incremental annual investment needs to achieve SDG 7 for Asia Pacific region
in 2018 – 2030, by sector



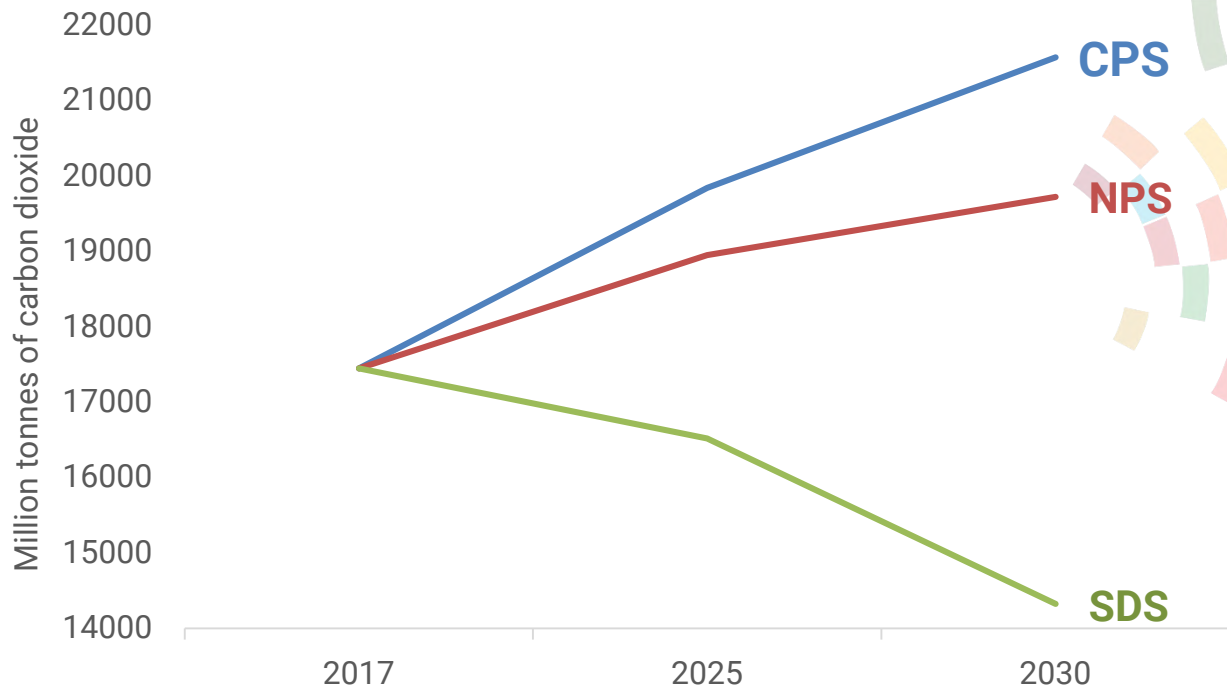
China, India and South-East Asian economies need the most investment

Incremental annual investment needs to achieve SDG 7 for Asia Pacific region
in 2018 – 2030, by country



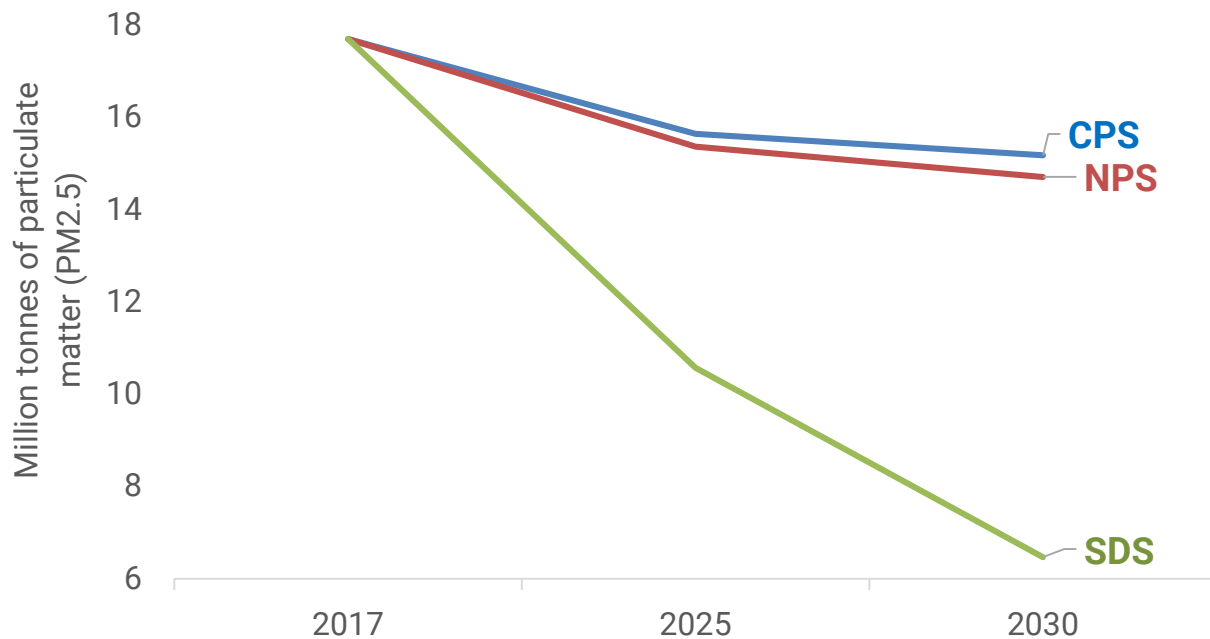
Investment in affordable and clean energy can largely contribute to reduction of CO₂ emissions...

Energy related CO₂ emissions in Asia Pacific region



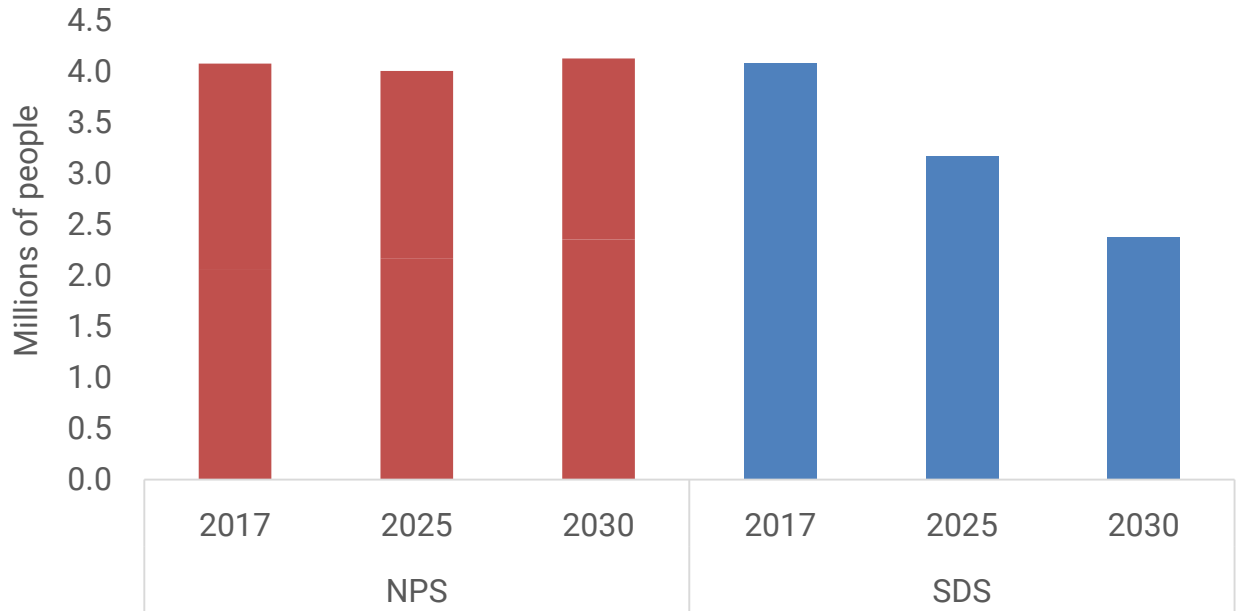
... and improve air quality

Energy-related particulate matter (PM 2.5) emissions in Asia Pacific region



... contributing to reduction of premature deaths

Premature deaths due to air pollution in Asia-Pacific region





Can we work on a goal plan?

Prioritizing Goals: considering both progress and investment gaps



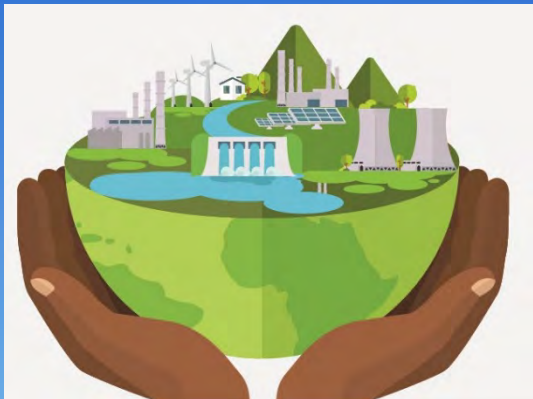
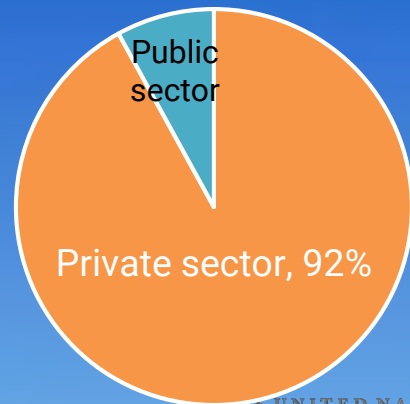


**Strong partnerships are critical to
finance investment in clean and
affordable energy**

Governments need to provide an enabling investment environment



Share of global investment in renewable energy projects in 2016



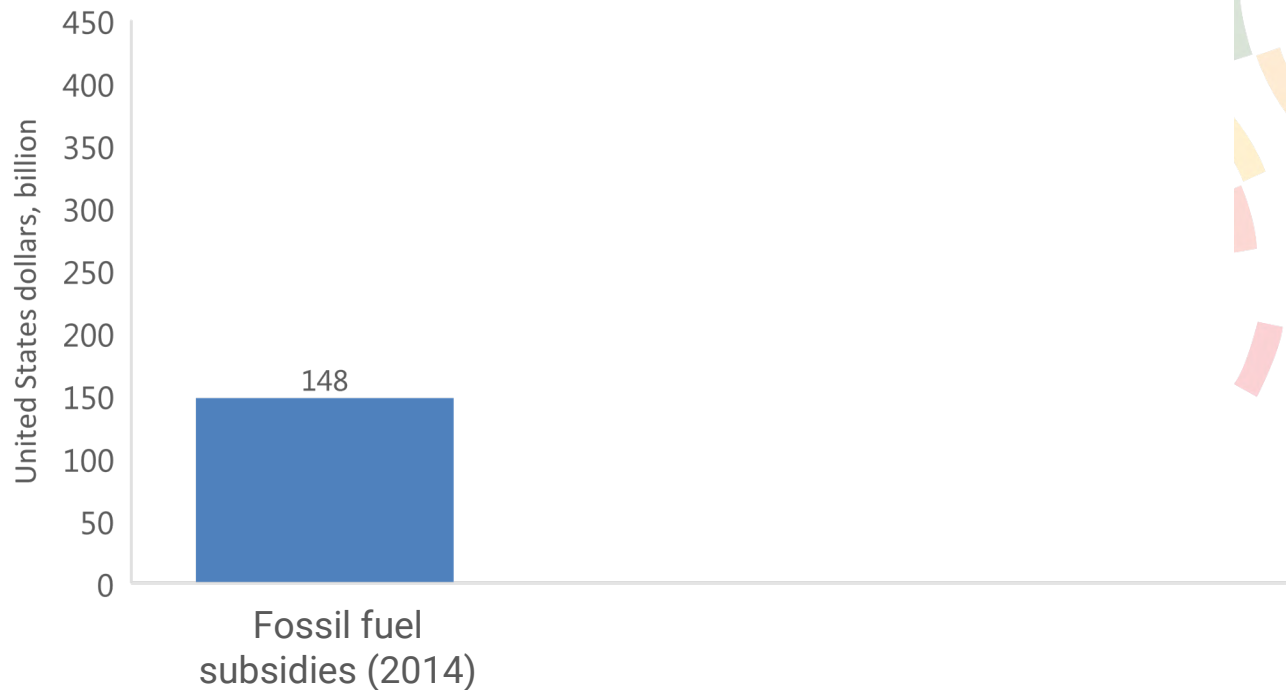
Demand-side interventions: improve risk-return profile of investment opportunities

- Prioritize **non-fossil fuel** power generation as part of integrated energy planning and investment processes
- Provide policy framework to incentivize and reduce risks in private sector's low-carbon investment

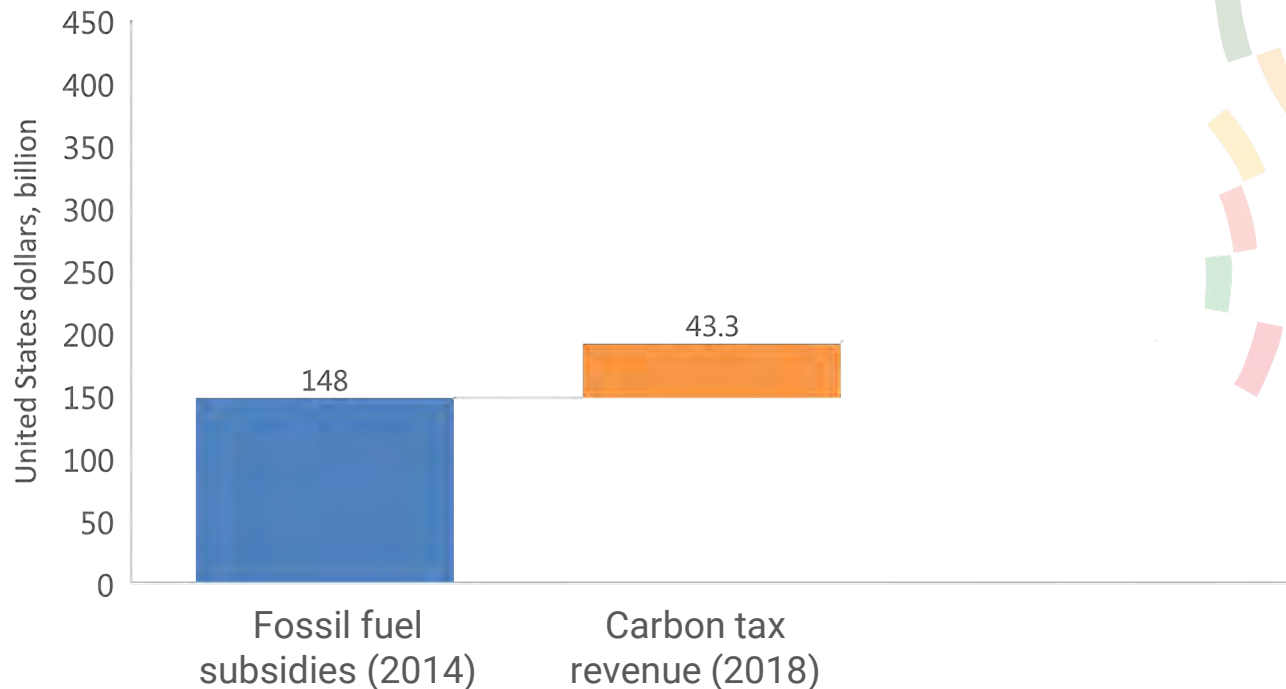
Provide policy framework to incentivize and reduce risks in private sector's low-carbon investment

- ❖ **Policy de-risking instruments:** address the root causes of risks
 - Support for renewable energy policy design
 - Implementation and enforcement of minimum energy efficient standards
- ❖ **Financial de-risking instruments:** financial products that transfer risks from private to public
 - Loan guarantees
 - Public equity co-investments
- ❖ **Direct financial incentives:** direct financial transfers or subsidies to low-carbon energy investments
 - Removal of fossil fuel subsidies
 - Carbon pricing

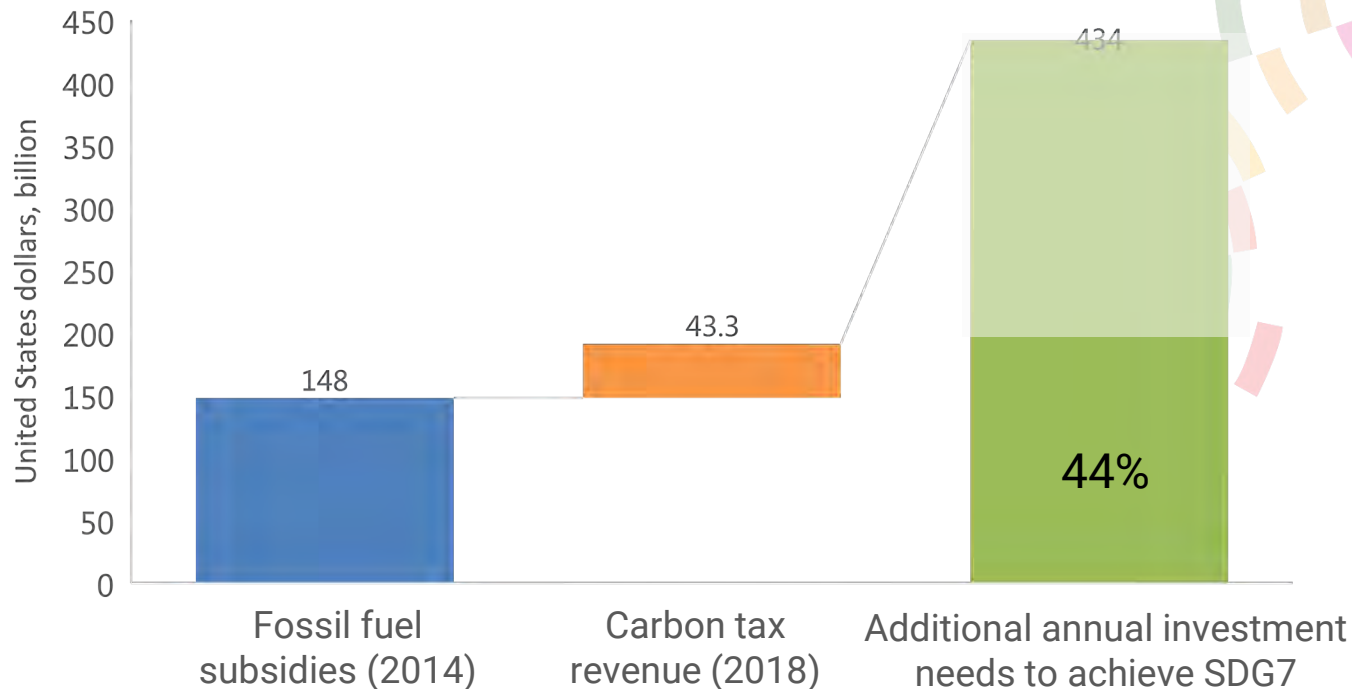
Removing fossil fuel subsidies



Removing fossil fuel subsidies and introducing a carbon tax



Removing fossil fuel subsidies and introducing a carbon tax can largely reduce the additional investment requirements for developing Asia Pacific



Supply-side interventions: shape the availability of private financing for low-carbon investments

- ❖ **Financial system reforms:** align financial systems with sustainable development
 - **Bangladesh:** *Environmental Risks Management Guidelines for Banks and Financial Institutions*
 - **Indonesia:** *Sustainable Finance Roadmap*
- ❖ **New low-cost asset classes:** emerging asset classes and sources for capital
 - Green bond
 - In 2017, green bond issuance reached \$43 billion in Asia and the Pacific, accounting for more than a third of the global volume.
 - Impact investment
 - Digital finance

Partnerships with MDBs





SOUTH-SOUTH COOPERATION

- In 2014, **China** announced a \$3.1 billion South-South Climate Change Fund.
- In 2017, **India** contributed \$100 million to South-South cooperation trust funds and an additional \$50 million to member States of the Commonwealth.

Takeaway messages



UNITED NATIONS
ESCAP
Economic and Social Commission for Asia and the Pacific

TAKEAWAY MESSAGES

- **Growth in Asia is not delivering a future that is sustainable**
- **Urgent actions are needed to transform to a low-carbon economy**
- **The ticket is affordable**
at an additional \$434 billion per year $\approx 27\text{¢}/\text{person}/\text{day}$.
- **...which brings co-benefits to PEOPLE and the PLANET**
- **We need strong development partnership to ensure NO ONE IS LEFT BEHIND!**

For a green future that we want!



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