

"Designing a Sustainable Financial System for India".

New Delhi 13 February 2015: FICCI – UNEP Inquiry released an Interim Report on “Designing a Sustainable Financial System for India”. The report proposes key recommendations on designing the Indian financial system in a way that will channel finance and unlock private capital towards clean energy financing and other sustainable development priorities. This report becomes significant in light of the upcoming Renewable Energy Meet and Expo (RE-Invest) starting on February 15, 2015 in New Delhi, where financing and investment friendly framework will be major planks of discussion. Infact, this report has been done at the behest of Minister Piyush Goyal who urged FICCI and UNEP to present recommendations on financing for clean energy before RE-Invest.

The UNEP Inquiry is a global initiative launched at Davos in 2014 with the aim of advancing policy options to scale up capital for sustainable development. It is working across 15 countries and is looking at innovations in banking, capital markets, insurance and investment policies. In India, the Inquiry is partnering with FICCI and is chaired by Ms Naina Lal Kidwai with an advisory council of leading financiers, policy makers and civil society representatives working towards proposing practical policy options for a sustainable financial system in India.

The report highlights some of the key recommendations that developing a sustainability oriented market framework would require in terms of investing in sustainable infrastructure and increase the long term viability of infrastructure projects, incentivising public sector investments and capacity building in the SME sector. Incentives and initiatives could lead to an increase in domestic equity investment through equity tax credits, production tax credits and development of energy service companies.

Market innovation is required with respect to credit enhancement as well as developing new thematic markets such as the Green Bonds market and Yield Companies (YieldCos). All of this will require new skills and capabilities across the financial system to grow an army of financial intermediaries who can provide the best advice and products to their clients, both rich and poor, to navigate the sustainable finance landscape.

UNEP India Inquiry in partnership with FICCI has proposed feasible options to meet this challenge in the larger context for transformation of the Indian financial regulatory landscape, regulations and incentives that will channel finance into sustainable development priorities, and innovative markets for clean energy financing. Members of this advisory committee include organisations like SIDBI, Shakti Foundation, Kiran Energy, IL& FS, CSE, TERI, CPR, DA, SunEdison, IndusInd, EMC, ORF, IFMR, IBA, IDFC, Yes Bank, HDFC, WWF, IFC, HSBC and GIZ, NIPFP and UNEP

Ms Kidwai said “We need to urgently address the financing requirements for Renewable Energy and also financing for Energy Efficiency as we look to fund our country’s energy needs. The FICCI UNEP working group has made several innovative suggestions as to how we might close

this gap through the capital markets and the banking sector, while also looking at regulatory incentives and changes. I am delighted that Minister Piyush Goyal has been so engaged with us on this subject and continues to request us to find new solutions.”

Nick Robins, Co-Director, UNEP Inquiry said ‘This interim report highlights a wealth of positive proposals to raise the necessary capital for India’s sustainable development ambitions, notably in the field of clean energy.’

Note to Editors:

More information on the India Inquiry can be found in the Executive Briefing and Interim Report and on UNEP Inquiry can be found at <http://www.unep.org/inquiry>

Link: <http://ficci.com/spdocument/20546/UNEP-Interim-Report.pdf>

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