

Australia - European Union Sustainable Finance Dialogue

Panel Event: Sustainable Finance in the Asia-Pacific

Event Details

The Australian Sustainable Finance Institute (ASFI) hosted an invite only event for finance sector and government stakeholders on Sustainable Finance in the Asia-Pacific – trends and opportunities for policy-makers and private capital.

This was the latest collaboration in a series of events between ASFI and the EUCD that aim to share knowledge and experience between Australia and the European Union. This event focused on sustainable and climate finance in the Asia-Pacific region. It brought together experts with a broad range of perspectives from Australia and the EU to explore the barriers to private capital flows into the ASEAN region, and the tools being deployed to overcome those barriers and accelerate the zero-carbon transition for the region.

The Event was hosted by ASFI in partnership with Climate-Kic with the venue provided by Bloomberg on May 25, 5.30pm-7.30pm. The event was attended by around 36 representatives from major Australian financial institutions including banks, investors and insurers, finance sector peak bodies as well as Government and members of the diplomatic community. The discussion featured the following presenters:

1. **Kristy Graham**, ASFI, Chief Executive Officer (Event Moderator)
2. **Nick Burrough**, Sustainable Finance Specialist, Bloomberg
3. **Warren Tease**, Commonwealth Treasury Chief Advisor Financial markets,
4. **Ritesh Thakkar**, Senior Advisor Asia-Pacific, Convergence Blended Finance
5. **Kristin Tilley**, Australian Ambassador for Climate Change
6. **Linda Romanovska**, Independent Member of the EU Platform on Sustainable Finance*

Feedback from attendees and panellists on the event was positive and in particular they appreciated the in depth expertise of the panellists, and the introduction to 'blended finance' which was a lesser known topic for many.

* Minister Counsellor for the European Union, Cornelis Keijzer was confirmed to attend this event as the keynote speaker but was unfortunately unable to attend due to unexpected illness. Linda Romanovska from the ASFI membership base stood in to provide an EU perspective based on her expertise and experience as an independent member of the EU Platform on Sustainable Finance.

Event Summary

Thursday 25 May 2023 5.30pm-7.30pm

Kristy Graham opening remarks:

Kristy began the event with a welcome and acknowledgement to Australian country which was followed by an introduction to the ASFI-Climate-Kic series under the European Union Climate Dialogue program.

Kristy noted the importance of addressing climate change in ASEAN for the benefit of those countries, and for the region as a whole.

Nick Burrough

Nick Burrough, ESG specialist at Bloomberg outlined global trends in sustainable and climate financing and how these are playing out in the Asia-Pacific region. He noted that ASEAN is lagging behind Europe on Energy Transition sovereign scores, and also that Australia lags behind its developed country peers. He showed that large investment is needed, dwarfing current financing levels, but cash is in the system. Nick spoke to the role of transition finance and lagging development of transition bonds, and how taxonomies are being developed and used across the globe.

Warren Tease

Warren Tease, Chief advisor Financial Markets at the Commonwealth Department of Treasury gave an update on the Australian Government's Sustainable Finance Agenda. The agenda has five pillars: mandatory climate-related disclosures; the Australian sustainable finance taxonomy (which the Government will co-fund ASFI to develop); supporting the development of green capital markets including through a sovereign green bonds program; tackling greenwashing; and international engagement. Warren emphasised the importance of international collaboration to implement best practice in our region on sustainable finance. He said Treasury would release a draft sustainable finance strategy for consultation in coming months.

Ritesh Thakkar

Ritesh outlined the barriers to private finance and investment in the Asia-pacific region and how blended finance can address these barriers. Specifically, he identified five barriers:

1. Lack of bankable projects in emerging Asia
2. Disproportionate Risk factors and fiduciary responsibilities of asset owners given liquidity risks, volatility, lack of well-developed/functioning local financial markets etc
3. Limited public-private sector collaboration
4. Data, disclosures, evidence, and transparency
5. Knowledge/capability gaps and lack of incentives/disincentives for private sector

Kristin Tilley

Kristin underscored the Australian Government's commitment to placing climate at the heart of its foreign policy. She said mobilising private finance for the Asia-Pacific is an important part of this strategy, and the Government has taken some important steps to support private investment in the region including by scaling up its Emerging Markets Impact Investment Fund. She emphasised the potential to do more including through ongoing regional fora such as the Indo-Pacific Economic Forum.

Linda Romanovska

Linda introduced the key features of the EU taxonomy – what it covers, what it does and how it is being used. She provided an update of the latest development in EU sustainable finance.

Panel discussion

The panel discussion explored the following themes:

- Why taxonomies are important in directing and accelerating capital flows for sustainability and climate outcomes
- Warren, Ritesh, and Linda spoke to how the development of multiple taxonomies presents challenges for international capital flows, and the importance of interoperability as taxonomies evolve.
- Kristin and Ritesh discussed the current state of blended finance in the region, including why we aren't seeing blended finance at greater volumes and what more Australia can do in this space to scale programs that crowd-in private capital
- Kristin noted Australia's bid to host COP31 with the Pacific, and the opportunities that presented for showcasing and accelerating climate finance in the Asia-Pacific.

Kristy Graham Closing remarks:

Kristy wrapped up the discussion noting the opportunity afforded by taxonomies and blended finance as tools to accelerate climate finance.

The event then concluded with canapes and networking drinks.

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