**STOCKHOLM +50**

**FINANCIAL INSTITUTIONS CONSULTATION**

**MEETING MINUTES**

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| **Date**  | 13 May 2022 (Friday) |
| **Time** | 09.00 AM - 12:35 PM |
| **Venue**  | Virtual via Zoom  |

**Meeting Participants:**

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| **No.** | **Name** | **Title** | **Gender** | **Organization** | **Type of Financial Institution**  |
|  1 | Lakshani Alahakoon | Assistant Director | Female | Central Bank of Sri Lanka | Banking & Securities |
|  2 | Adheesha Perera | Senior Manager – Sustainable Banking | Male | SDB Bank | Banking & Securities |
|  3 | Nuwan Pathirana | Manager – CSR & Corporate Sustainability  | Male | Sampath Bank | Financial Services – Other  |
|  4 | Ajantha Premasiri | Chief Marketing Officer | Male | Assetline Leasing Co. Ltd.  | Financial Services – Other  |
|  5 | W A Rohana Kumara | Director/CEO | Male | LOLC Development Finance PLC | Financial Services – Other  |
|  6 | Shamindra Marcelline | CEO/GM | Male | People’s Leasing & Finance PLC | Financial Services – Other |
|  7 | Talaal Maruzook | Chief Strategy Officer | Male | Cargills Bank | Banking & Securities |
|  8 | Niranjan Thangaraja | Acting CEO | Male | SDB Bank | Financial Services – Other  |
|  9 | Hemantha Seneviratne | Assistant Manager – Sustainable Business | Male | Hatton National Bank | Banking & Securities |
| 10 | Dinuke Wijesinghe  | Chief Manager Risk | Male | Union Bank of Colombo PLC | Banking & Securities |
| 11 | Ravindu Joseph  | Senior Assistant Director | Male | Central Bank of Sri Lanka | Government – State & Local |
| 12 | Sajith Atapattu | Head of Risk | Male | Asia Asset Finance PLC | Financial Services – Other  |
| 13 | Sushara Vidyasagara | Head of Investment Banking | Female | Commercial Bank of Ceylon PLC | Banking & Securities |
| 14 | John Sandrine Gomez | Sustainability Manager | Male | Seylan Bank PLC | Banking & Securities |
| 15 | Dushanthi Ranpatige | Manager – Social and Environmental Risk Management | Female | Commercial Bank of Ceylon PLC | Banking & Securities |
| 16 | Lushantha Ranasinghe | Acting General Manager/CEO | Male | State Mortgage & Investment Bank | Banking & Securities |
| 17 | Jabir Kather | Executive Director/CEO | Male | Orient Finance PLC | Financial Services – Other  |
| 18 | Randika Jayatissa | Senior Manager – Corporate Strategy, Business Intelligence, Sustainable Strategy  | Male | BC | Accounting |
| 19 | Ranmini K Perera | Deputy Director | Female | Central Bank of Sri Lanka | Banking & Securities |
| 20 | Chintaka Yapa | Assistant Vice President - Sustainability | Male | Nations Trust Bank PLC | Financial Services – Other  |
| 21 | Romani De Silva | Managing Director | Male | Alliance Finance Co PLC | Financial Services |
| 22 | Ama Wickramarachchi  | Assistant Manager | Female | Bank of Ceylon | Banking & Securities |
| 23 | Kiran Dhanapala | Director | Female | KIRA Sustainability Consulting | Consulting |
| 24 | Kuganeswaran Sabapathy | Senior Manager | Male | Pan Asia Banking Corporation PLC | Banking & Securities |
| 25 | Kamalini Ellawala  | Senior Manager – Women Banking | Female | Commercial Bank of Ceylon PLC | Banking & Securities |
| 26 | Theja Silva | General Counsel/Company Secretary | Male | Nations Trust Bank | Banking & Securities  |

**Comments during the initial information session:**

* In previous consultations it was mentioned interventions from financial institutions were required to facilitate finance to promote and encourage renewable energy use. Further, debt for nature swaps were mentioned as an alternative mechanism in restructuring debt.
* As finance is required to implement NDCs and given the current situation may pose difficulties in mobilizing finance towards prioritizing the environment, it is important to enhance awareness of individual social responsibility. As we have a common environmental resource base, it is important to understand our impact to the environment accounting for all factors of production to ascertain how our footprint contributes/affects the big picture.
* Social responsibility of individuals was mentioned in previous consultations specifically the need for attitudinal changes, sustainable consumption and production.

**Discussion Summary:**

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| **Agenda Item** | **Discussion** |
| Technical Discussion  | Following a breakdown of participants into 3 groups assigned to a particular LD group, and following an extensive focused group discussion amidst each, a focal point from each group presented their answers, and the following responses were discussed and validated – Leadership Dialogue 1: Reflecting on the urgent need for actions to achieve a healthy planet and prosperity for all – (assigned to Group 1)Group 1 suggested the following inputs under each GQ, for which the other participants provided suggestions (see below) which were incorporated to finalize the overall inputs - GQ1 -

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| **Good Practices** | **Pathways** |
| Exercise individual social responsibility towards nature/environment | 1. Plot the current overall position in terms of environmental and social impact district-wise and province-wise.
2. Impose practical mechanisms to engage individuals, corporates to indicate how they are connected with factors of production, leaving room for impact (E&S).
3. Identify KPIs and how they are stated on policies on procedures in a manner it transmits into real ground experience.
4. Incentivize/encourage good players while discouraging the bad through platforms of transparent reporting, ratings and other
5. Develop initial steps towards reaching SDGs, 2030 Agenda, NDCs
 |
| Taxonomy is developed to make contributions towards environment | * Introduce sustainability as part of the core of businesses
* Mandate by law to set aside an appropriate percentage of profits towards nature and people (e.g.: 3%)
* Recognition of corporates based on their sustainability practices on the ground and standardized metrics
* Incentivize sustainability initiatives
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GQ2 –

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| **Actions** | **Policies** | **Structures** |
| Implement the Green Finance Taxonomy and Sustainable Finance Road Map by engaging with regulators like Central Bank of Sri Lanka, and also with the Colombo Stock Exchange, economists at Ministry of Finance  | Translation of Green Finance Taxonomy into concrete strategy and action plan, calling upon UNDP to support this | * Clearly define who does what
* Establish a virtual platform for practitioners and technical experts to contribute, rationalize and popularize new ideas practically to enhance buy-in until implementation is possible
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GQ3 –

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| **How could marginalized and vulnerable groups benefit?** |
|  1 | Engage all material stakeholders including marginalized groups in policy formulation  |
|  2 | Sustainability based investments are needed upfront so that it will be a vehicle that brings back economical gains and a competitive edge to businesses practicing sustainability while tying up social benefits to be in a perfect business equation and thus ensure no one is left behind |

GQ4 –

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| **How can we safeguard the rights of people and nature?** |
|  1 | Sustainability needs to be in-built into all policies rather than the sustainability policy acting in a siloed approach |
|  2 | Mushrooming policies and procedures should be eliminated and instead develop a baseline stringently looking at social and environmental perspectives of every engagement holistically |
|  3 | Need of the hour of each segment needs to be looked at radically and prioritize their expectations and leverage all of them to enforceable policies and processes |
|  4 | Establish a grievance redress mechanism to voice requirements, making sure these requirements can be amicably resolved with remedial action |

GQ5 –

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| **Metrics** | **Indicators** |
| Good practices and industry-based standards to leverage sustainability to be a common agenda in the best interest of interlinked communities and environmental perspectives | * Monitoring and evaluation with a reporting mechanism where performance can be measured in terms of arriving at determined SDGs, NDCs in an industry-specific way
* Set up KPIs accordingly
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Meeting specific question –

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| **What kind of follow-up activities would you like to see?** |
|  1 | Defined action points subsequent to the S+50 forum  |
|  2 | A mechanism for collaboration and knowledge sharing, learn from success stories of other countries |
|  3 | Training programme to build capacity and awareness, transfer technology to influence action |
|  4 | Mechanism to indulge surveillance advocacy on corrective action |
|  5 | Appoint focal points to liaise with government and non-government key stakeholders to have a continuing dialogue and an action framework |

Leadership Dialogue 2: Achieving a sustainable and inclusive recovery from COVID-19 – (assigned to Group 2)Group 2 suggested the following inputs under each GQ, for which the other participants provided suggestions (see below) which were incorporated to finalize the overall inputs – GQ1 -

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| **Current Recovery Practices**  | **Public**  | **Private**  | **Civil Society**  |
| IndividualCommunityCityRegionalCountry  | Energy demand side managementRenewable energy integration |
| Post and pre-harvest loss reduction (Cargills, Hayleys) |
| Leverage digital transformation/economy to keep incentivizing these systems (working from home, digital banking, e-governance) |
| Business continuity planning |

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| **Scale up**  | **Public**  | **Private**  | **Civil Society**  |
| IndividualCommunityCityRegionalCountry  | Affordable long-term financing is required to further scale up investments (new financial innovations – blended finance) and risk assessments (for RE, Agriculture etc.) to enhance effectivity and efficiency  |
| IT security |
| Last mile logistics |
| Promotion of digital marketplace to mainstream and enhance adoption to increase effectiveness (e.g.: Helaviru)  |
| Cost reflective pricing  |

GQ2 –

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| **Pre-existing practices that need to be changed** |
|  1 | Not having access to public information (RTI) |
|  2 | Silo operations by different parties |
|  3 | Excessive time and money spent on physical and paper-based transactions (non-acceptance of e-signatures as credible/valid) |

GQ3 –

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| **How do we ensure that all countries/communities can benefit?** |
|  1 | Recording of good practices by the academia for wider dissemination (democratization of information) |
|  2 | Supporting technology transfer within communities and across countries |
|  3 | Building on case studies, applied research with industry and academia partnerships should be scaled up and products commercialized |

**Suggestion –** Conducting applied research in Sri Lanka is a good opportunity to act as a global case study particularly as Sri Lanka is global biodiversity hotspot. It will be key for this research to identify the required actions to protect the environment and how to implement these actions. This engagement could spur action and further enhance knowledge. GQ4 –

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| **How can we create better performing industries**  |
|  1 | Through digital transformation and digital payments (should be adopted across institutions and beyond payments in production, analytics etc.) |
|  2 | Introducing credible metrics and indicators for baseline setting, benchmarking, and target setting (e.g.: postharvest loss reduction) |
|  3 | Leap frog to fourth industrial revolution, creating technology parks (biotechnology, nano technology) so industries can learn from these demo sites and adopt into their businesses |

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| **How can we create better performing supply chains?** |
|  1 | Better integration of money market, capital market and insurance to provide finance for development  |
|  2 | Diversification of supply chains to be more resilient rather than relying on a few |
|  3 | Open platforms for information sharing (e.g.: using block chain technology) for better traceability and impact measurements  |

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| **Which industrial sectors are most critical? And ratitionale for selecting these sectors** |
|  1 | Logistics could be significantly improved and could be leveraged given strategic geographical positioning – one of the most pollution heavy industries, need to enhance vehicle efficiency, reduce carbon footprint |
|  2 | Food sector – enhance food security |
|  3 | ICT industry – supportive towards all other sectors, crosscutting technology |

**Suggestion –** Environment and Social Management systems should be promoted to interconnectedly assess the business impact on society and environment as a way to classify and risk profile business propositions and thereby, help business to mitigate identified risks. This will serve as a mechanism to filter risk with the system acting as a middle between the bank and borrower and also acting as a knowledge repository to build capacity and enhance awareness towards achieving goals. GQ5 –

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| **Commitments** | **Key industry sectors** | **Finance and investment institutions** |
| 1 | More equitable distribution of proceeds (e.g.: In the food sector, farmers realise low benefits from production so small holders are fairly compensated) |
| 2 | Impose social safeguards  |

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| **Responsible principles** | **Key industry sectors** | **Finance and investment institutions** |
| 1 | Train value chain actors to be more resilient to shocks |
| 2 | Making available capital and affordable payment terms for industry through innovations |

GQ6 –

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|  | **What are the decent green jobs of the future?** |
| 1 | ICT sector especially for sustainable development  |
| 2 | Renewable energy sector (supply – power generation as well as demand side – e-mobility) |
| 3 | 4IR |

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| **New skills needed**  | **Business** | **Government** | **Academia**  |
| 1 | Technical skills for ICT and 4IR which can be applied by labour force to create innovations |
| 2 | Development of people skills |

Meeting specific question -

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| **What kind of follow-up activities would you like to see?** |
|  1 | Action orientation – continue action-oriented engagement (annually or bi-annually) |
|  2 | Share the outcomes with all stakeholders |
|  3 | Sharing best practices and commitments of other countries |

Leadership Dialogue 3: Accelerating the implementation of the environmental dimension of sustainable development in the context of the decade of action and delivery for sustainable development– (assigned to Group 3)Group 3 suggested the following inputs under each GQ, for which the other participants provided suggestions (see below) which were incorporated to finalize the overall inputs – GQ1 -

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|  | **What are the biggest challenges?** |
| 1 | Lack of political willingness in the governance and institutional system, leading to inconsistency and incoherence |
| 2 | Cumbersome approval process of development projects |
| 3 | Lack of communication among all the stakeholders |
| 4 | Policy inconsistencies and incoherence  |
| 5 | Lack of knowledge, particularly among the general public and lack of capacity among actors/stakeholders |
| 6 | Lack of holistic integrated approach in programme/project appraisals (Sustainability criteria)  |
| 7 | Irrational land use planning  |

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|  | **How do we create an enabling environment?**  |
| 1 | * Policy consistency and coherence to support the decision-making process
* Improve the regulatory environment to ensure effective enforcement
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| 2 | * Technological transfer
* Supporting infrastructure (e.g.: battery management system in case of EVs/solar PV systems)
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| 3 | * Knowledge transfer and information/databases – particularly at the national level
 |
| 4 | * Financial environment to support the local actions
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| 5 | * Utilize a holistic and integrated approach in development and implementation of development programmes/projects
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GQ2 -

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|  | **Good practices**  | **Pathways**  |
| 1 | Use of indigenous resources for energy (e.g.: fuelwood for cooking) | * Promote improved biomass cookstoves
* Implement research and development activities to address the challenges for implementation (e.g.: in biomass – supply chain, sustainable criteria for appraisals when scaling up)
 |
| 2 | Decentralized solar PV panels (Rooftop)  | * Facilitate government institutions to install rooftop solar
* Incorporation of solar panels on rooftop into the building approval process and making it a requirement (Mandate/guideline)
 |
| 3 | Use of water bodies for solar PV systems | * Identify potential areas for floating solar PV systems, possibly in reservoirs
 |
| 4 | Green building | * Incorporation of sustainable design and practices into the building approval process (Mandate/guideline)
 |
| 5 | Non-motorized transport (Walking/cycling)  | * Mass communication to promote awareness and education
* Supportive infrastructure (e.g.: public bathrooms and changing rooms)
 |
| 6 | Public transportation and efficient modes of transport | * Transport infrastructure (Road, rail, waterways)
* Electrification of transport (e-buses, e-trains)
* Electric and hybrid vehicles
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GQ3 -

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|  | **How to transform governance systems?** |
| 1 | Improving accountability, transparency, and anti-corruption practices  |
| 2 | Engagement of all stakeholders including the general public in project approval, implementation, monitoring, and reviewing processes – multi-stakeholder mobilization |
| 3 | Involvement of youth in decision-making processes |
| 4 | Gender/social inclusivity – empowerment in decision-making processes |

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|  | **How to transform legal systems?** |
| 1 | Enhance education about the laws, rules, and regulations particularly law enforcement authorities (e.g.: police, local authorities) |
| 2 | Improve enforcement  |
| 3 | Improve the clarity and mandate among the relevant authorities  |

**Suggestion** – On law enforcement and access to green finance, local law enforcement should liaise with academia, subject experts and key stakeholders to develop an exhaustive industry-specific laws and regulations database in Sri Lanka. This would help to plot the impact of each industry on the environment and society and help financiers to understand and risk profile industries. This will further help to inform DFIs and international communities about the status of environmental policies, industry in Sri Lanka and act as a gateway to leverage access to green finance.GQ4 -

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|  | **What measures are needed to align public, private and development finance?** |
| 1 | Introduce related policies and regulations to promote/facilitate PPP |
| 2 | Improve good governance in the public sector to improve transparency  |
| 3 | Take initiative from the government front to introduce enabling environment for the other partners |
|  4 | Develop innovative framework for partnerships |

GQ5 –

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|  | **What type of partnerships from the UN and beyond are needed?** |
| 1 | Sharing of best practices from other countries – global best practices |
| 2 | Improve access to green finance schemes/channels  |
| 3 | Capacity building |

GQ6 –

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|  | **Capacities**  | **Technologies** |
| 1 | Knowledge on emerging trends, technologies | Recycling technologies (Waste management) |
| 2 | Adoptive capacity (Capacity to adopt new technologies/technological transfer) | EVs, batteries |
| 3 | Disaster preparedness  | Technology used in the desalination process of water (Drinking water)Technologies used to ensure effective disaster management practices |

Meeting specific question -

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| **What kind of follow-up activities would you like to see?** |
| 1 | International support for all the countries that are lagging behind (Countries that are more prone to climate disasters) |
| 2 | Support to enhance the local capacity for appraisal and evaluation (e.g.: carbon footprint, carbon credits) |

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