



KAUTILYA SCHOOL OF PUBLIC POLICY

GITAM (Deemed to be University)

Rudraram, Patancheru Mandal

Hyderabad, Telangana 502329

Course Code: PPOL6781	Course Title: Introduction to Sustainable Finance
Trimester: 5	Course Type: Skill Shop Credits: 1
Home Program(s): MPP	Batch/Academic Year: 2022-2024
Course Lead: Ms. Neha Kumar	Assigned TA/RA: Ms. Arushi Jha & Mr. Shubham Arya

Course Description

There is growing recognition of the urgency of mobilizing and scaling up resources for climate action and sustainable development. The pace of transition will be set by the financial resources available at affordable levels to manage exogenous and inter-linked shocks induced by climate and sustainability risks and augmenting the flows of public and private flows for transition within countries and across borders, more specifically from global north to global south. Thus finance will be at the heart of the transition and the big question is whether it is fit for purpose as a means to hasten the structural transformations underpinning the new economy? What is the financing gap and where will the capital come from? What role will public and private financial sectors have to play? What kind of new avenues of finance can be opened up through debt capital markets? Can finance for green transition help address the issues of equity and justice and be directed in a manner that the transition is not only accelerated for net zero goals but is also net positive for people?

A public policy professional could contribute on either side of the spectrum – policy and markets. Sustainable finance as a new emerging theme that can provide potential solutions for change preoccupies these two sides of the spectrum and the world of development finance. It is starting to feature as an important topic in development and growth debates around the world.

Course Objectives and Outcomes

The course on sustainable finance is structured as an introductory course and will be delivered through eight skill shops. It will look at ESG, sustainability and climate through a financing lens and join the dots while marking out the differences. It is aimed to equip the students with the existing and emerging concepts, developments and debates in the field of sustainable finance, juxtaposing global and local trends, imperatives, concerns and opportunities primarily from the

public policy practitioner perspective, and will provide them methods and bases to formulate their own views.

At the end of the course, students should be able to understand the main arguments and developments on topics such as those depicted in the table below, attain a more holistic understanding of the emerging sustainable finance ecosystem, and cultivate critical thinking around policy issues to making sustainable finance solutions work.

Key Areas Covered

Financing Green

- Identifying investible sustainable activities in different sectors based on science backed criteria (taxonomy and standards)
- Taxonomy duly integrating social (more and better jobs, equity) and resilience factors alongside decarbonisation
- Determining the right mix of capital instruments for priority investments (loans, bonds, equity)
- Broadening the tent from pure play green to financing credible brown to green transitions
- Framing the mechanisms to lower the cost of capital and de-risking investments
- Multi Tiered government action as mobilisers of finance
- Initiating and deepening the dialogue between investors/lenders and issuers/borrowers

Greening Finance

- Carbon pricing, integrating climate risk in lending and investment by financial institutions, RBI
- Increase transparency and accountability through disclosures and taxonomy
- Regulatory alignment and incentives for scaling up sustainable finance
- Regulatory and policy measures for sustainability and climate aligned capital allocation for financial sector resilience and stability

Cross-cutting ecosystem enabling measures

- Building capacities of financial institutions, policy makers and regulators on (A) and (B)
- Carving out international cooperation compacts for greater coordination to ease and enhance the cross border flow of green capital into India
- Addressing the inequity of finance in international financial architecture
- Increasing use of technology and digitalisation for financing sustainability and climate action

Course Schedule

The course outline is below; please note that it may be subject to minor revisions.

Unit 1	Sessions: 1	What is the context?
<ul style="list-style-type: none"> ● Paris targets and SDGs ● India's emissions profile, targets, adaptation challenge and SDGs ● Financing needs and gap, issues around debt sustainability, investment opportunities ● Imperatives and concerns: Twin challenges of climate and development transitions 		
Unit 2	Sessions: 1	Universe of sustainable finance: Part 1
<ul style="list-style-type: none"> ● Financing green transitions credibly ● Definitional canvas ● Green, transition and resilience financing: instruments and capital mix ● Reorientation of capital markets, trends, barriers, enablers <p>Unit 3 Session: 1 The world of thematic debt</p> <ul style="list-style-type: none"> ● Thematic debt instruments, green bonds, transition finance instruments, other labels ● Global and Indian experience ● Main tenets of thematic finance – transparency, credibility ● Greenium and beyond 		

Unit 4	Sessions: 1	Importance of taxonomies and frameworks
<ul style="list-style-type: none"> ● Purpose, use and usability ● Voluntary and country/regional taxonomies ● Investors, regulators and issuers' expectations and challenges 		
Unit 5	Sessions: 1	Universe of sustainable finance: part 2

<ul style="list-style-type: none"> ● Greening the financial system ● Climate and sustainability risks and their transmission in financial sector ● <p>International and national developments: Role of central banks</p> <ul style="list-style-type: none"> ● International and national developments: Role of other financial regulators ● <p>Role of ministries of finance</p> <p>Unit 6 Sessions: 1 Repurposing development finance: debates and actions</p> <ul style="list-style-type: none"> ● MDB reform and climate finance ● Role of NDBs ● Bridge town initiative <p>Unit 7 Session: 1 Sustainable finance and Equity</p> <ul style="list-style-type: none"> ● Just transition: Old wine in a new bottle? ● Operationalising Just Transition Through Finance ● Global and national initiatives ● Global north to global south – The financing conundrum 		
Unit 8	Session 1	Subnational action on Sustainable finance
<ul style="list-style-type: none"> ● Green financing strategies for states ● Instruments, structures and pipelines ● Budget tagging and green budgets 2.0 		

Course Materials

Relevant material will be largely covered within the lectures. Further literature – primarily journal and magazine articles – may be communicated over time.