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THE WORLDONOMICS TIMES

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Empowering Global Economic Insight: Introducing The Worldonomics Times

In an era where the tapestry of global finance and economics interweaves with the complex dynamics of markets worldwide, there emerges a beacon of insight, The Worldonomics Times. Announced by the International Navodaya Chamber of Commerce (INCOC) on 26-03-2024, this forthcoming monthly magazine is poised to be an indispensable resource for anyone keen on understanding the pulsating heartbeat of the global economy.

Scheduled to release its premiere issue on May 5th, 2024, The Worldonomics Times aims to fill a crucial gap in the landscape of financial journalism. With a commitment to providing in-depth coverage of global finance and economics trends, news, and analysis, this publication is tailored for business leaders, policymakers, and the intellectually curious who strive for a deeper understanding of the world's economic currents.

Global Perspective with Local Relevance

At its core, The Worldonomics Times will offer a global perspective that bridges diverse markets and economies. This isn't just about tracing the flow of capital across continents; it's about understanding how these financial streams affect businesses and policies on a local level. Sandeep Kumar, the founder of the International Navodaya Chamber of Commerce and Editor-in-Chief of the magazine, emphasizes the platform's role in exploring emerging trends and the forces sculpting world markets.

In-Depth, Data-Driven Journalism

What sets The Worldonomics Times apart is its commitment to investigative journalism that digs beneath the surface. This magazine will go beyond the headlines to uncover the underlying stories that drive financial shifts, offering clarity in an ever-complex world. Coupled with expert opinions, interviews, and thought leadership from noted economists and financial specialists, readers are promised a comprehensive outlook on the global economic scene.

Moreover, with a focus on data-driven insights, the magazine will utilize visualizations and infographics to demystify complex economic trends and statistics, making the information accessible and digestible to its readership.

EDITOR-IN-CHIEF

Worldonomics Times

Accessibility and Empowerment

Understanding the importance of adaptability in today's fast-paced world, The Worldonomics Times will be accessible in both print and digital formats. This dual availability ensures that readers can engage with the content in a manner that best suits their lifestyles, whether at home, in the office, or on the move.

"We are committed to delivering accurate, unbiased, and high-quality journalism focused on the world of finance and economics," Kumar states. "Our goal is to empower readers with the knowledge they need to make informed decisions in an increasingly dynamic global landscape."

As we anticipate the release of The Worldonomics Times' premiere issue, it's clear that this magazine is on a mission to enlighten and inform. Through its rigorous analysis, expert commentary, and commitment to excellence in journalism, The Worldonomics Times is set to become a guiding light for anyone looking to navigate the intricate world of global finance and economics.

Green finance: A catalyst for positive transformation

The Perspective

Green financing is a symphony where risk management and performance measurements compose the harmonies of profit and purpose.

Since the Industrial Revolution finance has been a powerful enabler of human progress, the purpose of the global financial system is to allocate the world's savings to their most productive uses. When the system works properly, these savings are channelled into investments that raise living standards; when it malfunctions, as in recent years, savings are channelled into real-estate bubbles and environmentally harmful projects, including those that exacerbate human-induced climate change. To realize the large-scale benefits of these new technologies and avoid investments that aggravate cascading environmental crises, the finance industry will need to understand how SDGs will reshape the investment landscape. The time has come to embrace the concept of true long-term investing, which requires marshalling the capacity of institutionally mobilized capital to support investment opportunities that will secure a sustainable future for all.

UN Environment has been working with countries, financial regulators and the finance sector to align financial systems to the 2030 sustainable development agenda – to direct financial flows to support the delivery of the Sustainable Development Goals. At the core of today's globalized economy are financial markets through which banks and investors allocate capital to different sectors. The capital allocated today will shape ecosystems and the production and consumption patterns of tomorrow. The main areas for the current work on green financing are: Supporting the public sector in creating an enabling environment, Promoting public-private partnerships on financing mechanisms such as green bonds, and Capacity building of community enterprises on micro-credit. It needs no reiteration that the planet and life on it are at their tipping point, with the forces of global warming and climate change knocking on the front doors. The key challenge that has emerged in combatting such forces is financing, referred to as "green finance".

Green Finance

There is no internationally agreed definition of green finance. The term describes a broad range of funding for environment-oriented technologies, projects, industries, or businesses. A more narrow definition of green finance refers to environment-oriented financial products or services, such as loans, credit cards, insurance, or bonds. At its simplest, green finance means any structured financial activity that's been created to ensure a better environmental outcome and a more resilient future. It includes loans, debt mechanisms, and investments that are used to encourage the development of green projects, minimize the climate impact of existing plans, or a combination of both. As sustainability becomes a key element of long-term business planning, green finance can help the development and delivery of those plans across the entire operational function of a business. The systemic risk posed by the climate crisis to financial services requires decisive action and a rapid pivot towards the opportunities presented by the zero-carbon economy.

Green investing recognizes the value of the environment and its natural capital and seeks to improve human well-being and social equity while reducing environmental risks and improving ecological integrity. The Green Finance is accelerating the transition towards an environmentally sustainable and resilient economy by catalysing investment in net zero and nature positive outcomes. Green finance is a broad term that can refer to financial investments flowing into sustainable development projects and initiatives, environmental products, and policies that encourage the development of a more sustainable economy. A key element of GF is sustainable investment and banking, where investment and lending decisions are taken on the basis of environmental screening and risk assessment to meet environmental sustainability standards. Green finance is often used interchangeably with green investment. However, in practice, green finance is a wider lens including more than investments as defined by Bloomberg New Energy Finance and others. Most important is that it includes operational costs of green investments not included under the definition of green investment. Most obviously, it would include costs such as project preparation and land acquisition costs, both of which are not just significant but can pose distinct financing challenges.

Two main goals of green finance are: to internalize environmental externalities and to reduce risk perceptions. Promoting green finance on a large and economically viable scale helps ensure that green investments are prioritized over business-as-usual investments that perpetuate unsustainable growth patterns. Green finance encourages transparency and long-term thinking of investments flowing into environmental objectives and includes all sustainable development criteria identified by the UN Sustainable Development Goals (SDGs).
The key concepts of green finance are centred around achieving a sustainable and resilient economy that can address the challenges posed by climate change and promote a transition to a low-carbon economy. Examples of green finance initiatives include:
- Renewable energy and energy efficiency
- Pollution prevention and control
- Biodiversity conservation
- Circular economy initiatives
- Sustainable use of natural resources and land

Green Finance Instruments

Green finance covers a wide range of financial products and services, which can be divided into investment, banking and insurance products. The predominant financial instruments in green finance are debt and equity. To meet the growing demand, new financial instruments, such as green bonds and carbon market instruments, have been established, along with new financial institutions, such as green banks and green funds. Renewable energy investments, sustainable infrastructure finance and green bonds continue to be areas of most interest within green financing activities.

The following instruments are helping facilitate the Green Finance Initiatives. These instruments aim to channel capital towards activities that have a positive impact on the environment, climate, and society, while also providing financial returns to investors. Green finance has gained prominence as the global community seeks to address pressing issues such as climate change and environmental degradation.

Green Bonds: Green bonds are debt securities issued by governments, municipalities, corporations, or financial institutions to finance environmentally friendly projects. The proceeds from these bonds are earmarked for specific green projects, such as renewable energy infrastructure, energy efficiency upgrades, or sustainable transportation initiatives.

Green Loans: Green loans are similar to green bonds but take the form of loans rather than bonds. These loans are provided by banks or financial institutions to fund eco-friendly projects or investments in areas like clean energy, sustainable agriculture, or green building construction.

Sustainability-Linked Bonds and Loans: These financial instruments are tied to specific sustainability performance targets or key performance indicators (KPIs). If the issuer meets the predefined sustainability goals, the interest rate or repayment terms may be adjusted in the flavor of the borrower.

Green Equity Funds: These are investment funds or exchange-traded funds (ETFs) that focus on stocks and shares of companies engaged in environmentally sustainable businesses or industries. Investors can participate in green finance by buying shares in these funds.

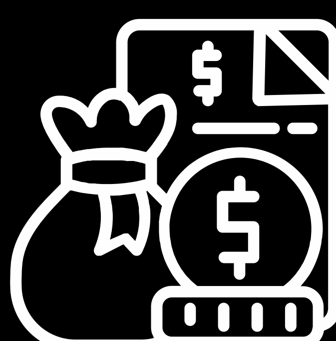
Green Mortgages: Green mortgages are home loans that offer favorable terms and conditions to borrowers who purchase energy-efficient homes or make eco-friendly renovations. These mortgages often provide lower interest rates or reduced fees.

Green Certificates and Guarantees: These financial instruments certify or guarantee the environmental attributes of a product or project. For example, Renewable Energy Certificates (RECs) represent the environmental benefits of renewable energy generated
Impact Investment Funds: Impact investment funds allocate capital to projects and businesses that aim to generate both financial returns and positive social or environmental impacts. These funds can encompass a wide range of sectors, from clean energy to affordable housing and sustainable agriculture.

Green Microfinance: Microfinance institutions offer small loans to individuals or small businesses engaged in environmentally sustainable activities, such as organic farming or clean energy distribution.

Carbon Offsets and Credits: While not traditional financial instruments, carbon offsets, and credits are mechanisms for investing in emissions reduction projects or purchasing credits to offset carbon emissions. They are commonly used by companies and individuals to compensate for their carbon footprint.

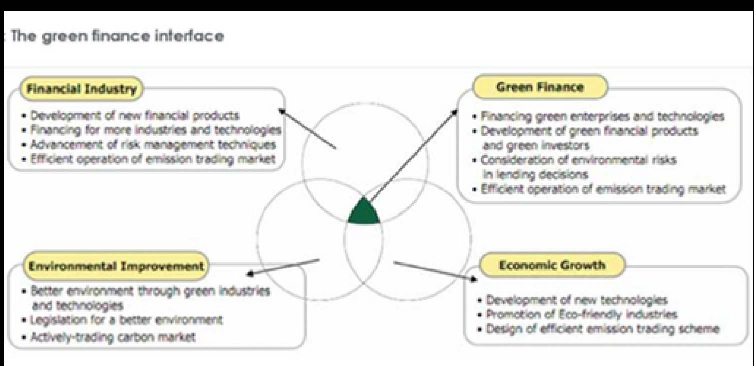
Green Insurance Products: Some insurance companies offer policies that incentivize environmentally responsible behavior, such as discounts on premiums for hybrid or electric vehicle owners or reduced rates for sustainable farming practices.



Role and importance of Green Finance

An estimated $400-600 billion per annum is needed to finance conservation of land, forests, and water, and more than $350 billion of incremental capital – to fund projects in renewable energy and energy efficiency. Today, less than 15% of required capital flows to conservation, the bulk of it coming from public and philanthropic entities. The latest accounting of climate finance shows there is a financial gap of about $70 billion. It is thus important to understand the ways we can leverage additional resources to preserve healthy ecosystems on land and in the oceans. The financial sector has an important role to play in the fight against climate change by supporting reductions in climate change risk and mitigating the impact of adverse climate events.

Generally, governments pursue the following objectives through green financing measures:• Establish and secure funding for green industries and green growth • Support low-carbon green growth by developing new financial products • Attract private investments to build and sustain green infrastructure • Strengthen corporate disclosure of green management practices and expand financial support for those businesses that apply them • Set up markets for environmental goods and services, such as carbon markets featuring carbon credits.



Green financing is to increase level of financial flows (from banking, micro-credit, insurance and investment) from the public, private and not-for-profit sectors to sustainable development priorities. A key part of this is to better manage environmental and social risks, take up opportunities that bring both a decent rate of return and environmental benefit and deliver greater accountability.

▪ **Promotes technology diffusion and eco-efficient infrastructure:** Investment in environmentally sound technologies, such as clean energy, may help bring down their costs and expedite wider technology diffusion. Developing countries can avoid the development model of "grow first, clean up later" because a great part of the green investment flows into infrastructure. This situation provides the opportunity for a country to leap ahead to eco-efficient infrastructure. The responsibility then falls on governments to develop infrastructure that will result in better long-term management of resources, which will in turn increase a country's competitiveness and channel private-sector capital into domestic green markets.

▪ **Creates comparative advantage:** Low carbon green growth may inevitably change from the current voluntary nature to a mandatory strategy in response to the rising pressures emanating from climate change and other environmental and economic crises. Expanding green finance today will mean a comparative advantage once environmental standards become stricter.

▪ **Adds value:** Businesses, organizations and corporations can add value to their portfolio by enhancing and publicizing their engagement in green finance. Thus they can give their business a green edge and thereby attract more environmentally conscious investors and clients alike.

▪ **Increases economic prospects:** Governments promoting green finance help buffer their societies against the time when resources become scarce by establishing and promoting domestic markets for alternative resources and technologies.

Green Finance: Key to India's journey towards net zero

As one of the world's largest emitters of greenhouse gases, India requires a budget of over US$10t to accomplish its net zero emissions target by 2070. Several measures are underway in the public and the private sector, leading to increased investment and financing opportunities. One of them being green finance— a sustainable or responsible finance that effectively finances projects with environmental benefits, such as reducing greenhouse gas emissions, improving energy efficiency, or enhancing the circular economy. India requires INR 15,000 crores to INR 20,000 crores of annual Foreign Direct Investment (FDI) in renewable energy alone, as per the Ministry of New and Renewable Energy's report on financial constraints in the sector. To address this, the government has authorized 100% annual FDI for renewable power generation and distribution projects. According to the government's investment agency Invest India, renewable energy projects worth US$196.98b are ongoing.

Stakeholders of India's Green Financial market

Stakeholder Group	Power Attribute	Legitimacy Attribute	Urgency Attribute
Government of India	Setting up the green financial market by regulatory actions, intervening in the market development and satisfying own financing needs	Considering the green financial market a tool to provide funding for attaining the national climate agenda	Assuming responsibility for the sentiment of the green financial market
Financial Regulators	Creating an efficient green financial market in India through the establishment of the green bond framework	Setting disclosure requirements to enhance transparency and credibility of the green bond issuances	Bearing the responsibility to regulate securities and commodity market in India
Green Bond Issuers	Designing the green bond according to his desires, including size, maturity and project linkage	Allocation of green bond proceeds towards sustainability projects	Anticipation that the market will continue providing the stakeholder with something of great value from issuance
Green Bond Investors	Providence of funding need to close the financial gap arisen from the national sustainability goal	Seeing green investment projects as means to embrace environmental consciousness	Investments in green projects that cannot be used differently, making it very difficult for stakeholder to exit the relationship

Given the government's push for sustainable development and the increasing need among businesses and investors to develop strong sustainability credentials, the Reserve Bank of India has introduced guidelines for banks and non-bank financial companies (NBFCs) to accept "green deposits". The purpose is to ensure funds are utilized for energy efficiency, clean transportation, climate change adaptation, sustainable water and waste management, green buildings, and terrestrial and aquatic biodiversity conservation. As the demand for green finance grows, India is expected to see more innovative financing solutions and investment opportunities in the green sector. While anticipating government action on green financing, including tax breaks for low-carbon technologies, policy pushes for green financing instruments etc., it is equally important for private sector organizations to adopt internal carbon pricing and promote investment in green technologies and solutions.

India's sovereign green bonds

At initial stages, green finance needs a big push by governments. The Indian government has identified projects worth ₹25,000 crore that will be financed by proceeds from sovereign green bonds issued in the current fiscal and the next as part of its green-funding push. The projects already identified for green financing are largely in renewable energy and clean transportation segments. The government had announced plans to raise ₹16,000 crore through plans to raise ₹16,000 crore through green bonds in two equal tranches in the current fiscal, and the first tranche - the country's first issuance of sovereign green bonds - in January drew a robust response, with orders exceeding the offer size of ₹8,000 crore by more than four times.

Global green finance has also started chasing Indian companies. Global development finance institutions and funds are ready to offer long-term support in the form of equity and debt at cheap rates to projects like solar energy and hydro power that help reduce the carbon footprint. In one of the recent deals, World Bank member International Finance Corporation (IFC) last week announced an about $50 million investment in a sustainability linked bond issued by Tata Cleantech Capital which finances renewable energy projects.

Slow but steady

With companies in India exploring various financing options to support the development of capital-intensive technologies such as hydrogen or carbon capture, green finance is gathering speed. Private sector companies are investing in green projects as they see the potential for long-term returns and positive environmental impact. The market for Green Social, Sustainability and Sustainability-linked (GSSS) bonds, which includes green, yellow (solar) and blue (marine) bonds, is gradually expanding. According to a report by Fitch Ratings, GSSS-linked debt bonds accounted for US$20b in the Indian debt market as of January 2023.

Challenges in raising green finance

Raising green finance, which refers to financing for environmentally sustainable and socially responsible projects and initiatives, comes with several challenges. The challenges are :

- **Lack of Awareness and Education:** Many investors and financial institutions may not fully understand the concept of green finance or the potential benefits of sustainable investments. Raising awareness and providing education about the environmental and social impacts of investment choices is crucial.
- **Data and Reporting:** Assessing the environmental and social impact of projects and investments can be complex. The availability and quality of data on sustainability metrics can vary, making it challenging for investors to make informed decisions. Standardized reporting frameworks, such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), are helping address this issue.
- **Risk Assessment:** Green projects can carry unique risks, such as regulatory changes, technological obsolescence, and reputational risks. Evaluating and pricing these risks can be challenging, especially for new or innovative green investments.
- **Market Liquidity and Size:** Green finance markets are often smaller and less liquid than traditional markets. This can result in higher transaction costs and less flexibility for investors. Efforts to deepen and broaden green finance markets are ongoing.
- **Policy and Regulatory Uncertainty:** The regulatory environment for green finance can be uncertain and subject to change. Investors may be concerned about shifts in government policies or regulations that could impact the profitability of green investments.
- **Greenwashing:** Some companies or projects may falsely claim to be environmentally friendly or socially responsible to attract green finance. This makes it difficult for investors to distinguish between genuine green investments and greenwashing.
- **Access to Capital:** Access to green finance may be limited for smaller businesses or projects, particularly in emerging markets. Bridging this financing gap is essential for achieving broader sustainability goals.
- **Cost of Capital:** Green finance may come with higher upfront costs or interest rates compared to traditional financing options. Lowering the cost of capital for green projects can encourage more sustainable investments.
- **Long-Term Commitment:** Many green projects, such as renewable energy infrastructure, have long payback periods. Investors may be hesitant to commit to such long-term investments, especially if they seek shorter-term returns.
- Measurement and Verification: Verifying the actual environmental and social impact of green projects can be challenging. Developing reliable methods for measuring and verifying impact is essential for building trust among investors.
- **Market Volatility:** The green finance market can be sensitive to external factors, such as changes in energy prices, climate events, or geopolitical tensions. These factors can introduce volatility into green investment portfolios.
- **Diversification:** Achieving a well-diversified green investment portfolio can be challenging, given the limited number of green assets available. This can expose investors to concentration risks.

Green finance is emerging as a formidable catalyst for positive transformation amidst the pressing issues of climate change and environmental degradation. Green finance facilitates the transition to a greener, more sustainable, and inclusive future by channelling financial resources toward environmental and social goals. Green finance must be embraced by governments, businesses, investors, and individuals alike because it has the potential to drive sustainability and shape a greener world that benefits both current and future generations. We can pave the way to a thriving future through collaborative efforts, innovative approaches, and a collective commitment to sustainable development. To conclude, green finance is all about using funds to support projects that help protect the environment and prevent climate change. It entails investing in firms that use clean energy, such as solar or wind power, as well as projects that make our world more environmentally friendly, such as green buildings or improved public transportation systems. It also promotes firms to be more environmentally friendly by providing funding and help. To achieve all these goals, we need to be careful and smart about managing any risks to the environment or society. Last but not least, we need to make sure we are responsible and accountable for how we use green finance for sustainable development in order to create a greener future for everyone.

Conclusion

Green finance is emerging as a formidable catalyst for positive transformation amidst the pressing issues of climate change and environmental degradation. Green finance facilitates the transition to a greener, more sustainable, and inclusive future by channelling financial resources toward environmental and social goals. Green finance must be embraced by governments, businesses, investors, and individuals alike because it has the potential to drive sustainability and shape a greener world that benefits both current and future generations. We can pave the way to a thriving future through collaborative efforts, innovative approaches, and a collective commitment to sustainable development. To conclude, green finance is all about using funds to support projects that help protect the environment and prevent climate change. It entails investing in firms that use clean energy, such as solar or wind power, as well as projects that make our world more environmentally friendly, such as green buildings or improved public transportation systems. It also promotes firms to be more environmentally friendly by providing funding and help. To achieve all these goals, we need to be careful and smart about managing any risks to the environment or society. Last but not least, we need to make sure we are responsible and accountable for how we use green finance for sustainable development in order to create a greener future for everyone.

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