

BANKING ON KNOWLEDGE

Green recovery from Covid-19 is the need of the hour

By Dr R Seetharaman

In order to address the Covid-19 crisis and to ensure that adequate finance is channelled to support progress on the SDGs and those most in need countries need a co-ordinated stimulus package. Governments and monetary authorities must continue to stabilise economies by continuing to inject much-needed liquidity to address Covid-19. Sri Lanka Central Bank followed easing policy since January, 2020 and also non-conventional measures. Tourism sector is the most affected sector. They are doing well on exchange rate, since April 2020 it has stabilised. Sri Lanka raised finances from domestic markets and also maintained foreign currency options as well. Interest rates have declined to low levels, this has resulted in savings in government budget. Interest rates and liquidity have contributed to raising by government. Financial markets were fully operational during the year. Financial intermediaries were encouraged. In



June 2020, European Central Bank ramped the €750bn Emergency Quantitative Easing programme by further €600bn. By the end of May 2020, the European Union announced its recovery plan for the post corona crisis for funds in the amount of €750bn to be provided under green conditions, focusing on land restoration, biodiversity, and

lowering emissions in priority sectors among other strategies. In March 2020, the Bank of England cut interest rates to an all-time low of 0.1% and increased its quantitative easing stimulus package following further panic in financial markets over the handling of the coronavirus outbreak. It will also bought an additional £200bn of UK government and corporate bonds under a QE money-printing programme, designed to hold down the cost of borrowing and pump cash into the economy. UK economy had launched 30bn pound spending plan to fight Covid-19. Climate change and nature degradation, urbanisation, rapid population changes and technological revolution are the key trends that will shape our world over the course of this century and thereby impact SDGs as well. These megatrends cannot be easily undone or changed in any significant way in the immediate term. But they are the result of human activity, and therefore they can be shaped over time by consistent policies. The associated decrease in fertility



rates can support greater gender equality, rapid population ageing raises concerns about constraints on innovation and productivity. However technological innovation and digitisation have clearly accentuated income inequalities, especially in the time of online learning and remote work. The climate change can reinforce rural-urban migration by displacing hundreds of millions of people from coastal areas. In the face of crisis, countries should make bold choices to rapidly expand social protection, invest in a green economy, and close the digital divide, so that we can build forward better. The Covid-19 pandemic crisis is offers another opportunity: To build global economy back better. We need a "green recovery" connecting our recovery from the economic impacts of the pandemic to achieving our objectives

under the Paris Agreement and should ensure achievement of UN sustainable development goals. There are certain sectors that should be priorities for 'going green,' such as transport and fuel. Industries and traffic are the main contributors to emissions causing local air pollution examples of globally tried-and-tested policies for such sectors include, mandating energy efficiency targets, energy efficiency standards for firms, fuel efficiency standards for vehicles, fuel switching and pricing pollution/carbon. In addition, energy efficiency standards for buildings, and minimum performance standards for appliances, such as air conditioners and refrigerators, hold high promise. Financial institutions are supporting green recovery by raising and utilising funds as part of sustainable development strategy. Recently QNB

Group successfully complemented its issuance of green bonds worth \$600mn. The bonds were listed on the London Stock Exchange in the Sustainable Bond Market segment. The proceeds of these green bonds will be used to finance and/or refinance assets in eligible green projects. The issuance was part of QNB Group's ongoing strategy to ensure diversification of kind-funding, tenor and geography as well as an example of the QNB Group's commitment to ESG principles. Economies can thrive only if we protect the environment. We can all live sustainably and help build a better world for everyone. But this means taking a look at how we live and understanding how our lifestyle choices impact the world around us. We make hundreds of thousands of decisions during the course of our lives. The choices we make and the lifestyles we live have a profound impact on our planet.

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