Green Bonds: Catalysing Climate Innovation in South Asian Nations

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INTRODUCTION

Climate change is the most crucial challenge to global sustainability, requiring prompt action to enable us to leave a clean legacy for future generations. The historic 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC), held in Paris, in December 2015, has set a limit to the increase in global temperature below 2°C and preferably to 1.5°C above the pre-industrial levels (UNFCCC, 2015). The UN Agreement emphasises funding sources, technology transfer, and building capacity to implement climate-related projects in developing countries. It also broadens the transparency framework concerning action and support under the Agreement, allowing for flexibility and resource allocation for poorer countries, while guaranteeing accountability towards the deliverance of regular emissions and evaluations of climate actions.

All member South Asian nations signed the Paris Agreement while establishing their emission reduction targets in their Nationally Determined Contributions (NDCs). High exposure to climate dangers persists across the region because of its geographical characteristics, environmental elements, and developmental factors encompassing dense population numbers, agricultural sectors, and energy production. The importance of climate finance in reaching sustainability targets becomes evident through green bond financing since it allows countries to support sustainable food security while setting the foundation for environmentally responsible development. The six South Asian nations, including Afghanistan, Bangladesh, Bhutan, India, Nepal and Pakistan, have chosen market tools for environmental funding to fulfil their NDC commitments.

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