FINANCING CLEANER PRODUCTION INVESTMENTS - UNEP EXPERIENCE

by Surya Prakash Chandak
Chief, Cleaner Production & Sustainable Consumption
UNEP DTIE
Financing barriers in implementing Cleaner Production

- Environmental risks often undervalued by FIs and banks
- Development banks and private financial sector yet to channel funding to Cleaner Production
- Finding investment funds for implementing Cleaner Production
- Lack of skills in Cleaner Production community in preparing bankable proposals
- Lack of skills in financing community in appreciating the benefits of Cleaner Production.
UNEP’s response

Project:
“Strategies and mechanisms for promoting CP investments in developing countries”,
sponsored by Govt of Norway
Cleaner Production Financing project elements

- Activities in five demonstration countries (Guatemala, Nicaragua, Tanzania, Vietnam, Zimbabwe)
- Enable companies to make creditworthy CP loan applications
- Show financial institutions and industrial authorities how to assess merits of CP investment proposals
- Induce new initiatives such as credit lines, trust funds and policy changes
Cleaner Production Financing project outputs

- Study on past investment practices
- Building national capacity
- Building portfolios of loan applications
- Publications
Cleaner Production Financing
selected outputs (1)

- Study on Past Investment Practices (Nov. 2000)
- Capacity built by training ca. 50 trainers who delivered about 150 courses with over 3000 participants in 5 countries
- Portfolio of CP ca. 50 loan applications
- Reports and workshops on innovative financing schemes
- Publications (see next slide)

web site: www.financingCP.org
Cleaner Production Financing
selected outputs (2)

- Booklet ‘Profiting from cleaner production: Towards efficient resource management’
- Short presentations to senior executives in banks, business and government (slides on CD-ROM)
- Profiting from cleaner production - Checklists for action
- Training modules (see next slides) and Trainers’ Guide
Cleaner Production Financing
Training Programmes (1)

One-day introductory/awareness courses

- **CP-1**: Introduction to CP concepts and practice
- **CP-2**: Introduction to capital budgeting and financing of capital projects
Cleaner Production Financing Training Programmes (2)

Two-day skill development programmes

• **CP-3**: Profiting from Cleaner Production

• **CP-4**: Cleaner Production Investment Process
Cleaner Production Financing
lessons learned

- Improve environmental accounting practices in business to reflect actual costs
- Strengthen governmental policy framework
- Enhance Credit providers' commitment and involvement
- Innovative financing schemes
- Influencing new investment in SMEs
Cleaner Production Financing Challenges to Asia

- Mainstream preventive environmental strategies in public policies at state and local levels.

- CP Centres should focus on catalyzing behavioral change in policy and investment decision makers.

- Use UNEP CP financing checklists and training courses to assist business providers and decision makers (versions in English, Chinese, Russian and Vietnamese).

- Establish targeted financing and guarantee facilities particularly for SMEs
For further information please contact:

Surya P. Chandak  
Chief, Cleaner Production & Sustainable Consumption  
UNEP/DTIE  
39-43 Quai André Citroën  
75739 Paris Cedex 15, France  
Tel. + 33 1 44 37 14 77  
Fax + 33 1 44 37 14 74  
E-mail: spchandak@unep.fr  
www.uneptie.org/pc/cp