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FINANCING CLEANER PRODUCTION INVESTMENTS - UNEP EXPERIENCE

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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)
- ❖ Compendium of Stakeholders (CD-ROM in 2000, update in 2002)
- ❖ 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

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