

Property sector can lead in green financing with government backing, says expert

KUALA LUMPUR: The property sector can lead the way in hastening the development of green financing with the support of governments, said Climate Bond Initiative CEO Sean Kidney.

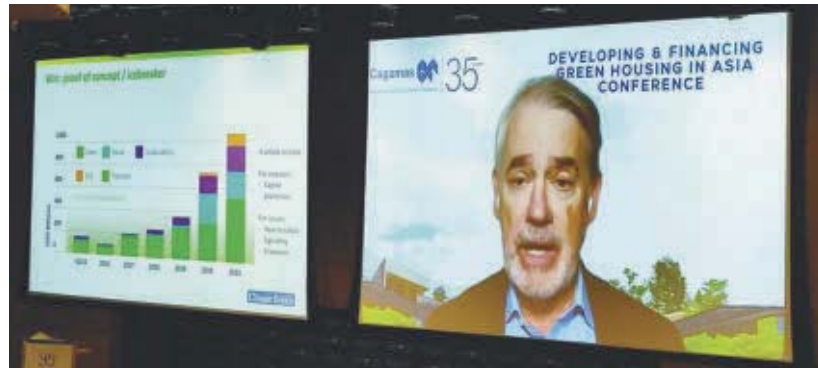
Globally, green bonds value stands at US\$2 trillion (RM9.1 trillion), social, sustainability-linked and transition bonds US\$3 trillion and other sustainable linked loans and financing add up to another few trillion dollars, he said.

“So, there is about US\$5 trillion outstanding in sustainable themed instruments in the world but we should be doing US\$5 trillion per annum, which means there is a long way to go,” he said at the Developing and Financing Green Housing in Asia 2022 conference hosted by Cagamas Bhd (Cagamas) here yesterday.

The one-day conference was organised in collaboration with the Asean Catalytic Green Finance Facility and the Asean+3 Asian Bond Markets Initiative.

Kidney said the property sector is an area in which progress can be made in green financing with the support of authorities and governments.

“In labelling buildings, the Malaysian Green Building Council (MGBC) is doing a good job in this



area. The government and authorities need to support that and look for ways to insert the idea of labelling buildings into normal transactions.”

Among the issues that come under MGBC’s purview are buildings realising energy savings, water conservation, a healthier indoor environment, better public connectivity, recycling of valuable resources and provision of greenery in developments. Assessment and labelling measures include the health of the buildings as well as resilience in climate change.

“Currently, the focus is mainly on emissions,” Kidney said, adding that it is crucial to make sure societies, cities, economies and

ecosystems are prepared to take on what is coming on the climate change front.

“One thing is to have proper insulation as cities are going to have incidents of heat. Kuala Lumpur is not doing all that bad but it could do better.”

“We need to ensure that we are using, for instance, super-efficient air-conditioning because if the grid fails and we have a major crisis, we need to ensure we have cool buildings around us to go to.”

Part of all this is making sure societies are better able to respond to crises that are going to hit, and eventually bounce back, Kidney said.

For that, he added, there are many things that can be done on

the financing side, for instance, value capture such as allowing subways to be financed by building of shopping and commercial centres and apartments above the stations.

Governments and authorities need to be very clear on the approach to green financing on what qualifies and find a way to assist the work of organisations such as MGBC in Malaysia.

“And for banks, if they can readily tell which building qualifies, they will then start issuing green property bonds or the like, and in Malaysia, Cagamas is in a central core position to be able to do that across its portfolio,” Kidney said.

Kidney says governments and authorities must be very clear on the approach to green financing as to what qualifies.