

## **Responsible Finance for the SDGs**

### ***Dialogo Italiano sulla Finanza Sostenibile***

**Nick Robins, Co-Director, UNEP Inquiry  
London/Milan, May 2017**



- A **strategic opportunity** to harness Italy's financial system to support sustainable development
- The year-long national dialogue led by **finance sector experts**
- The **commitment** by financial institutions is growing, but not yet systematic
- A comprehensive **set of options** for policy, financial innovation, market infrastructure and capacity building
- **Taken forward in the G7:** financing SMEs, financial centres



*“Green finance is a major opportunity.*

*By ensuring that capital flows finance long-term projects in countries where growth is most carbon intensive, financial stability can be promoted.*

*By absorbing excess global saving, equilibrium interest rates can be raised and macroeconomic stability enhanced.*

*And by allocating capital to green technologies, the prospects for an environmentally sustainable recovery in global growth will increase.”*

**- Mark Carney, Governor, Bank of England, Berlin, 2016**



## Agenda 2030 (SDGs):

Financing essential across infrastructure, innovation and inclusion



## COP 21 Paris Climate Agreement:

Making finance flows consistent with low GHG emissions and climate-resilient development

2015

2016



**China:** adopts “Guidelines for establishing a green finance system”

## G20 China 2016

### Green Finance Study Group:

Hangzhou G20 Heads of State pledge to scale up action; continued under Germany



**FSB:** TCFD report released for public consultation



**European Union:** Sustainable Finance strategy, establishment of Expert Group

2017



## G7 Italy 2017:

Green Finance – focus on financial centres & SMEs



- **Goal:** to identify options to improve the integration of sustainability factors across Italy's financial sector
- The year-long process of research and engagement, with 8 working groups

❖ Banking

❖ Capital Markets

❖ Insurance

❖ Institutional Investors

❖ Risk

❖ Reporting

❖ Public Finance

❖ Measuring Progress



- **Banking:** €27bn lending for renewable energy: efficiency next?
- **Equities:** Borsa Italiana highest in G7 for green revenues
- **Debt:** €738bn in bonds that are aligned with climate action
- **Investors:** €616bn in assets with sustainability strategies
- **Insurance:** 22% of Italian market with sustainability principles

**But not yet systematic : market incentives and financial culture**



## Policy Framework

- **Strategy:** SD Strategy
- **Public Finance:** CDP
- **Fiscal Policy:** harmful subsidies
- **System review:** climate change
- **International:** ODA

## Disclosure & Governance

- **Securities:** Borsa Italiana
- **Corporate:** EU & FSB
- **Investors:** ESG integration
- **Governance:** role of boards

## Financial Innovation

- **SMEs:** long-term mechanisms
- **Real Estate:** energy efficiency
- **Green Bonds:** market expansion
- **Insurance:** natural catastrophes
- **Clean Tech:** Mission Innovation

## Capacity & Awareness

- **Risk:** stress testing consortium
- **Public:** information campaign
- **Skills:** professional training
- **Metrics:** performance measurement



- A broad-based agenda for **market innovation** and **policy reform**
- A **community of practice** across the financial sector
- A **national observatory** on sustainable finance
- A market-led **green finance initiative**
- A foundation for dialogue in **Italy's G7**





**City of London Corporation**  
Green Finance Initiative



**Casablanca Finance City Authority**  
Promoting CFC as regional green finance hub



**Hong Kong Financial Services Development Council**  
Regional Green Finance Hub



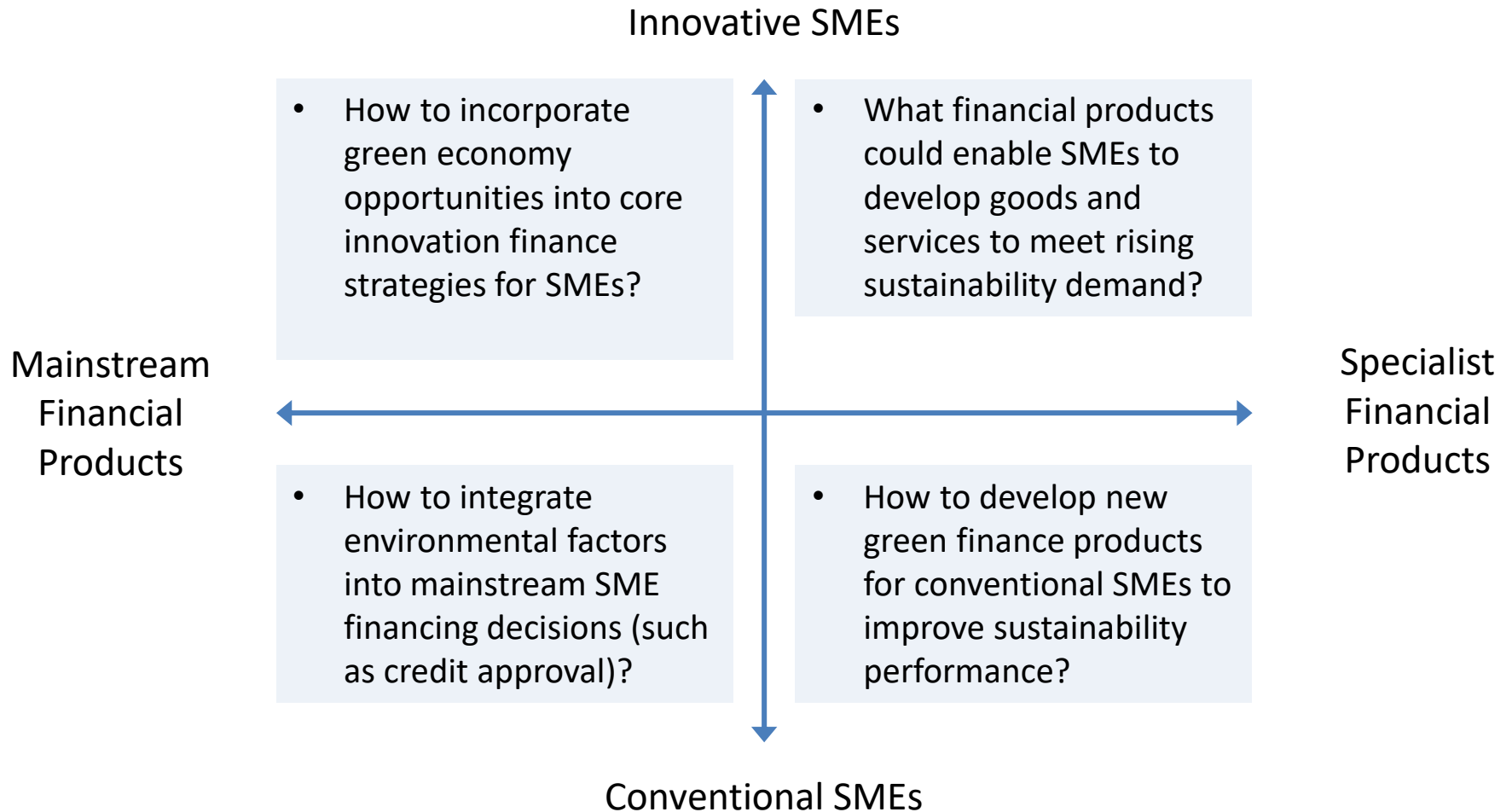
**Luxembourg**  
Climate Finance Task Force



**Paris Europlace**  
Paris Green and Sustainable Finance Initiative

# 10 DIMENSIONS OF SUSTAINABLE FINANCIAL CENTRES







- 1. Development Finance:** Green loans for energy efficiency, anchor investment in clean tech, technical support
- 2. Banking:** Commercial and stakeholder banks are seeking to target positive impacts
- 3. Debt Markets:** Aggregating & securitizing green loans, issuance of mini-bonds
- 4. Impact Investing:** Social stock exchanges, private equity and venture capital financing models
- 5. Fintech:** Crowdfunding and peer to peer investing models



*“Finance and the environment must go forward hand in hand. The future will depend on progress of one with respect to the other”*

**Gian Luca Galletti**  
**Ministro dell’Ambiente, della Tutela del Territorio e del Mare**



*“Sustainable finance cannot be a footnote or a sideshow, but is part of the wider programme of structural reform of the economy”*

**Prof. Pier Carlo Padoan**  
**Ministro dell’Economia e delle Finanze**

## TO FIND OUT MORE



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