

Sustainability and the Architecture of Global Finance

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Development Goals (formerly).

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Sustainability, Finance and All That – Instant Quiz



Sustainability Report

Which company released the world's first externally audited sustainability report, and when, and how many are produced today?

Green Bond

When was the first green 'use of proceeds' bond issued, and by whom, and what is the total current value of green bond issuance?

National Green
Finance Game Plan

Which country launched the world's first national strategy for embedding green finance across its financial and capital markets, and when?

Stranded Assets

What is the dollar value of possible financial asset losses if the 1.5 degrees warming limit in Paris Agreement goal is reached (nearest US\$100 billion)?

Screened Capital Market
Flows

What is the current dollar value of capital market assets that are subject to some kind of sustainability screen (nearest trillion)?

Central Banks and
Sustainability

How many central banks worldwide are actively advancing climate in their core activities, and which central bank is latest to join the club?

Sustainability, Finance and All That – Instant Quiz Results



Sustainability Report

The Body Shop published in 1995 the world's first, externally audited sustainability report released by a publicly listed company. In 2019, 90% of S&P produced a sustainability report.

Green Bond

The Swedish bank, SEB, together with the World Bank, issued the first green bond in 2008. Since then, issued value of green bonds worldwide now US\$1 trillion

National Green Finance Game Plan

At a meeting of the State Council on 30th August 2016 chaired by the President, China adopted a 13-part plan to green its financial system. Today, all G20 members have adopted national green/sustainable finance plans.

Stranded Assets

Estimates vary, the FT's team estimates value at risk through carbon stranding as US\$890 billion. WEF estimates that US\$44 trillion or half of global GDP is dependent on nature.

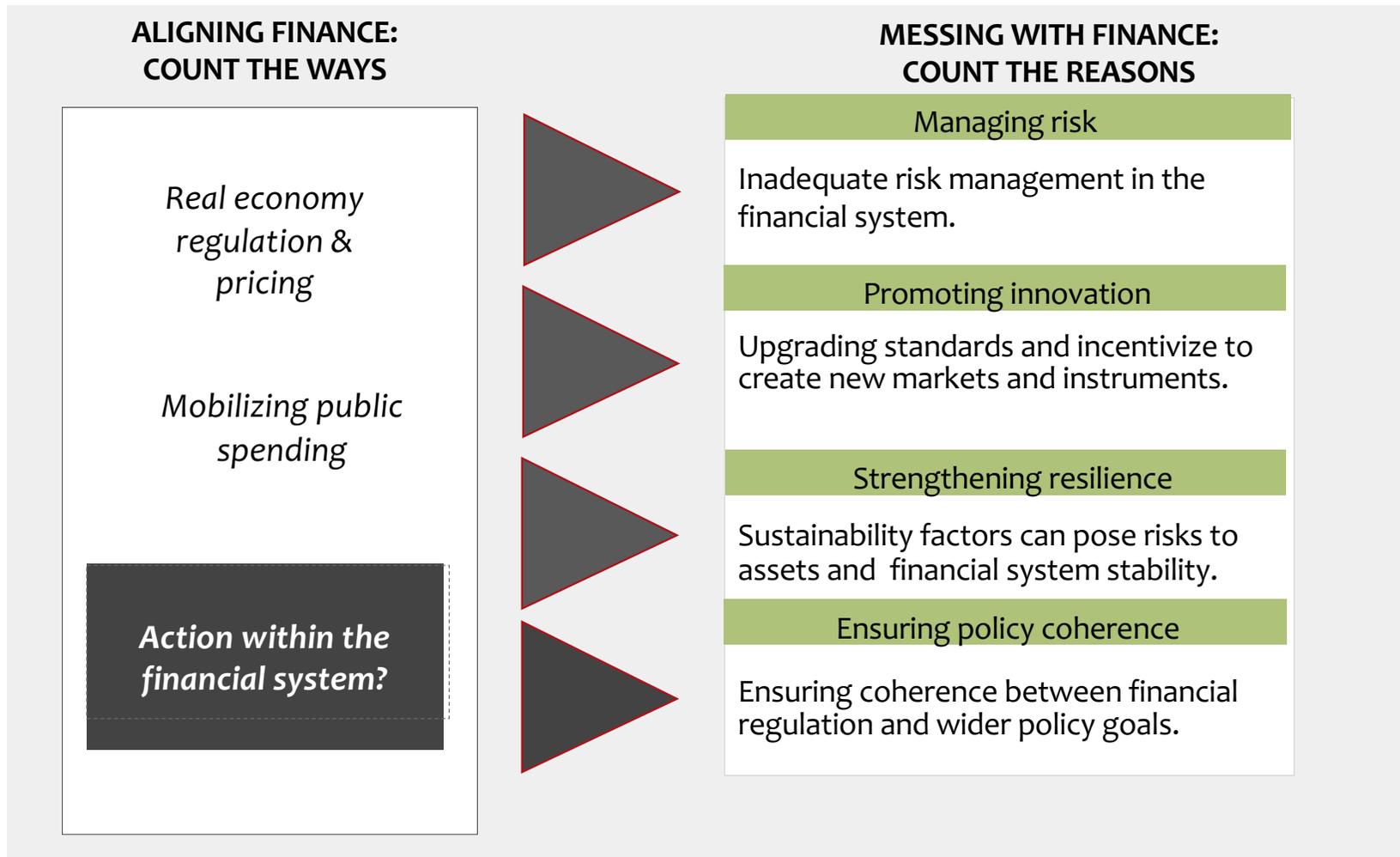
Screened Capital Market Flows

Again, definitions and estimates vary, but most indicate about US\$30 trillion of financial assets.

Central Banks and Sustainability

The 'Network of Central Banks on Greening the Financial System has 77 members across five continents, with the US Federal Reserve being the most recent to request membership.

Stuff is Happening, But Why Mess with the Financial System?



It is Happening Everywhere

REALLOCATION OF CAPITAL



BRAZIL: Agricultural credit contingent on environmental compliance.



INDIA: Priority sector lending to distributed renewables.

RISK MANAGEMENT



NETHERLANDS: DNB review of climate and now also nature risk.



UK: Insurance prudential review of climate risk.

RESPONSIBILITIES OF INSTITUTIONS



USA: Government recognizes aspects of ESG as fiduciary-relevant.



SOUTH AFRICA: Code for Responsible Investment in South Africa (CRISA).

REPORTING AND DISCLOSURE



FRANCE: New investor reporting requirements.



CALIFORNIA: Fossil fuel disclosure for insurance firms.

ROADMAPS

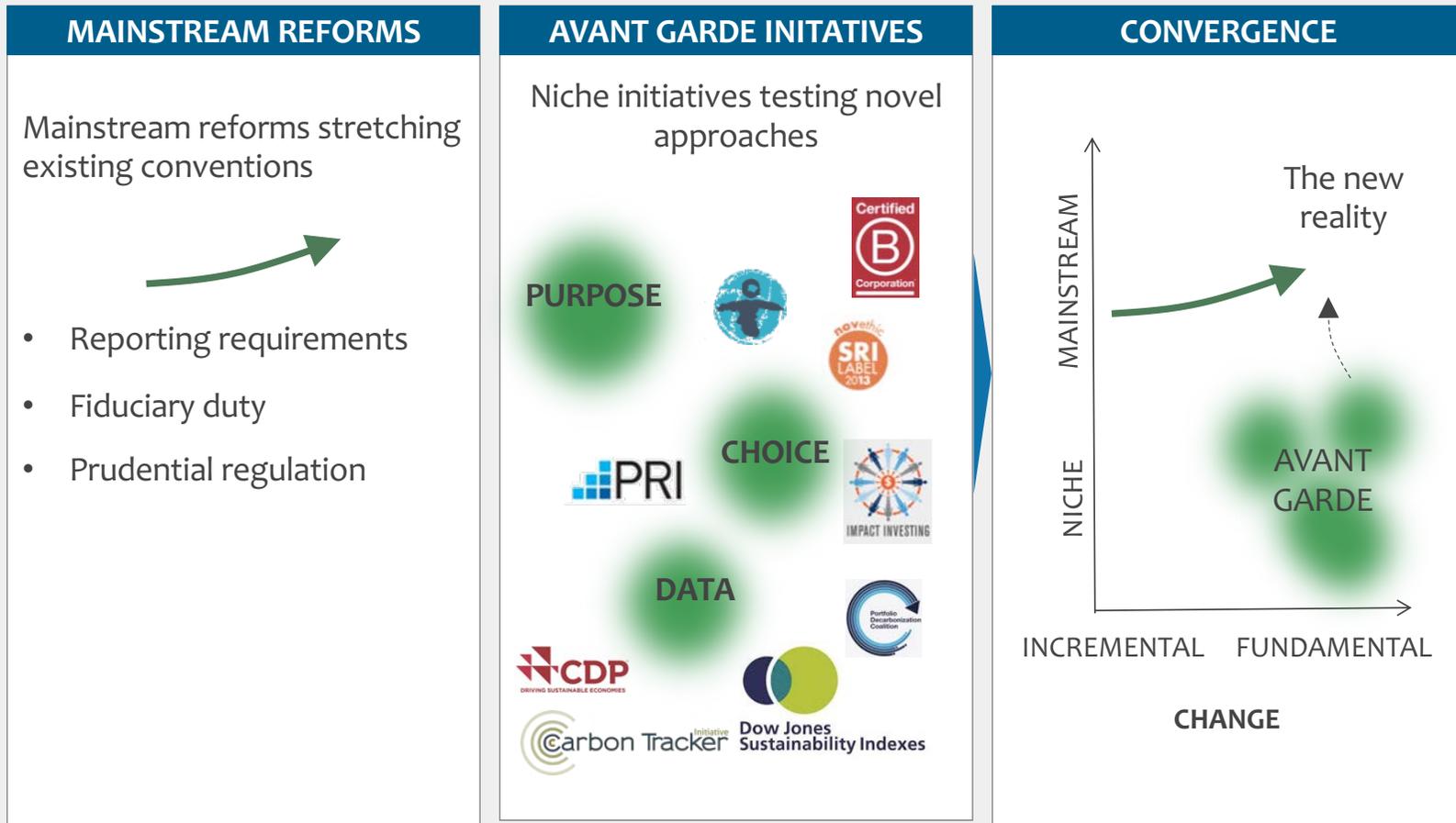


INDONESIA: OJK Roadmap for Sustainable Finance.



SWEDEN: Budget Bill: Finance sector to serve sustainable development.

Finance in Spotlight and Evolving Rapidly, Maybe ... ?

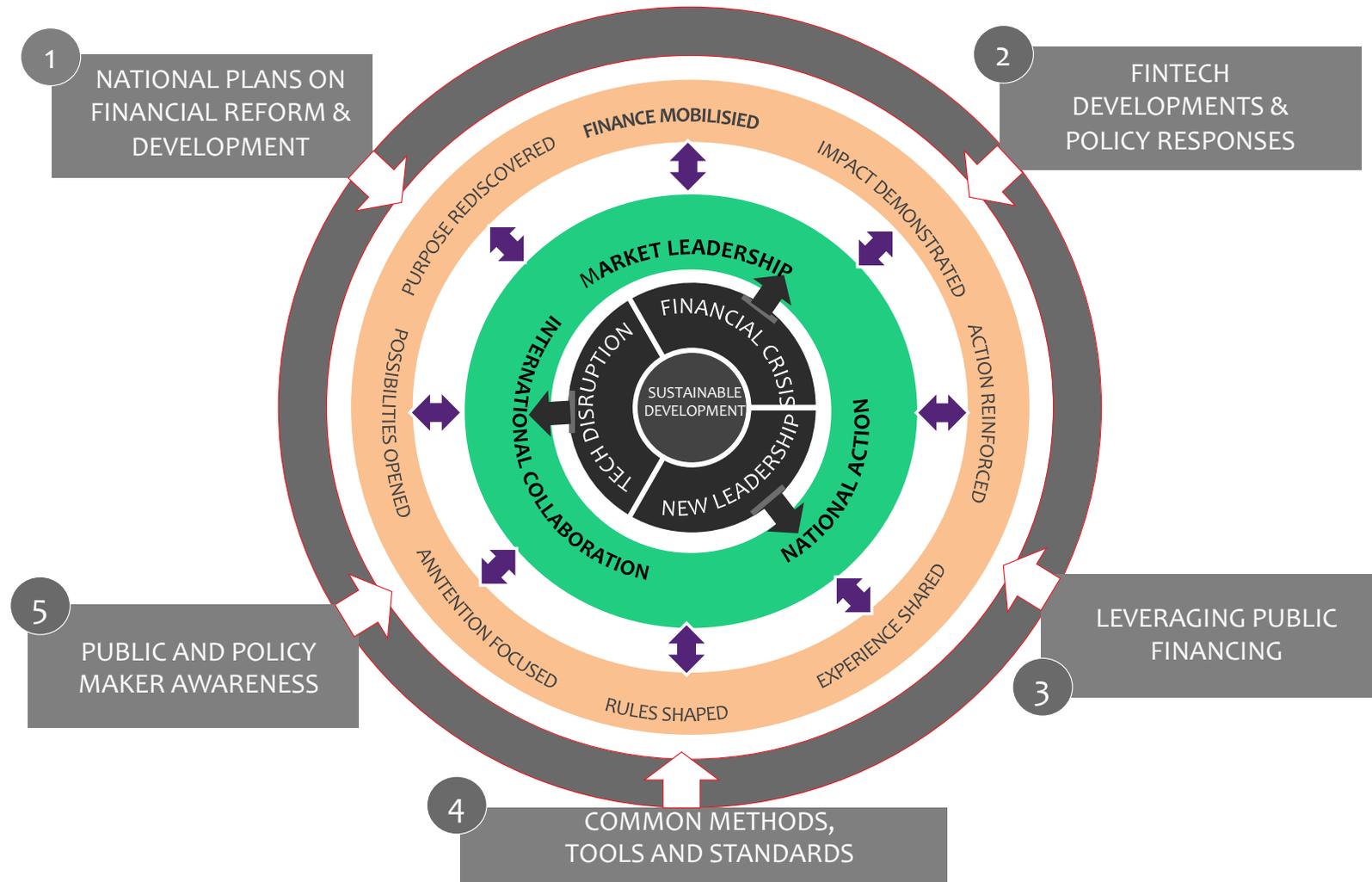


[Source Inquiry, 2015]



**It is not enough to “make a difference”.
Our actions must be systemic in design
and impact to ‘make the difference that is
needed’.**

Global Financial – Systemic Pathways and Tipping Points?



What is Systemically Important? Legal Personhood for Nature?

AMERICAS-TEST-2 OCTOBER 1, 2020 / 9:43 AM / UPDATED A MONTH AGO

'Dramatic' global rise in laws defending rights of nature

By Carey L. Biron

WASHINGTON (Thomson Reuters) — A federal court in New York is set to decide

Is an elephant a person? A New York court is set to decide

...ing Happy the elephant's lone detention at ... grounds of her 'personhood'. Should she



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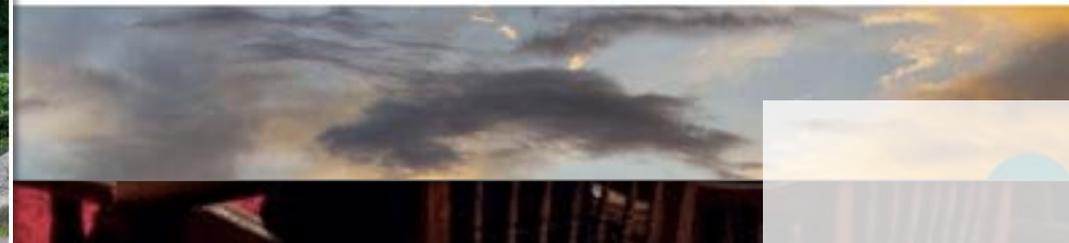
NEWS CORONAVIRUS ADVICE UK POLITICS US POLITICS 2020 ELECTION VOICES SPORT CULTURE INDY/LIFE INDYBEST INDY

Environment

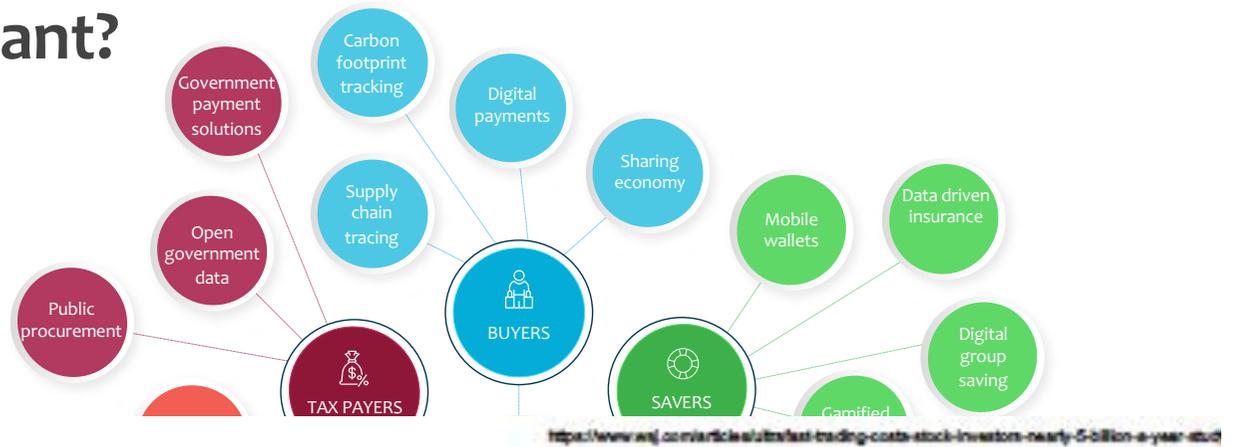
Can a river have legal rights? A new approach to protecting the environment

...ng cultural and spiritual identities, considered by some as sacred entities or life-giving ... may be entitled rights comparable to those of their human counterparts?

er 2017 15:40



What is Systemically Important? Digital Empowers People?



MARKETS

Ultrafast Trading Costs Stock Investors Nearly \$5 Billion a Year, Study Says

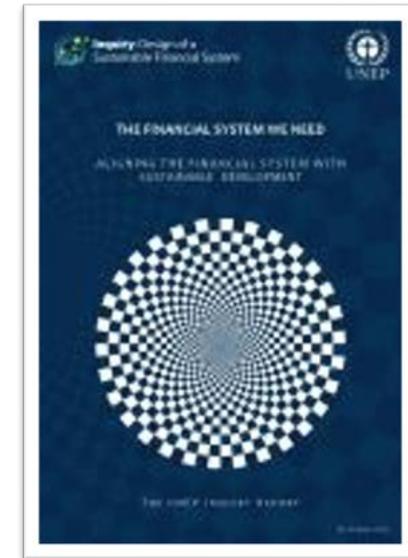
U.K. regulator's study says 'latency arbitrage' imposes a small but significant tax on investors



“The Task Force is concerned with how digital innovation can empower people in making payments, borrowing, saving, lending and investing, and in how they can hold those accountable who manage and spend money on their behalf.”

Maria Ramos, Task Force Co-Chair and former Chief Executive Officer of Absa Group Limited

Creating Tipping Points – IMF Annual Meeting 2015



Mark Carney, Governor, Bank of England

“Green finance cannot be a niche”

Atiur Rahman, Governor, Bangladesh Bank

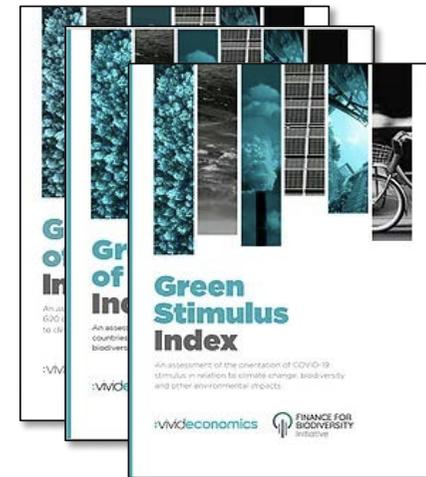
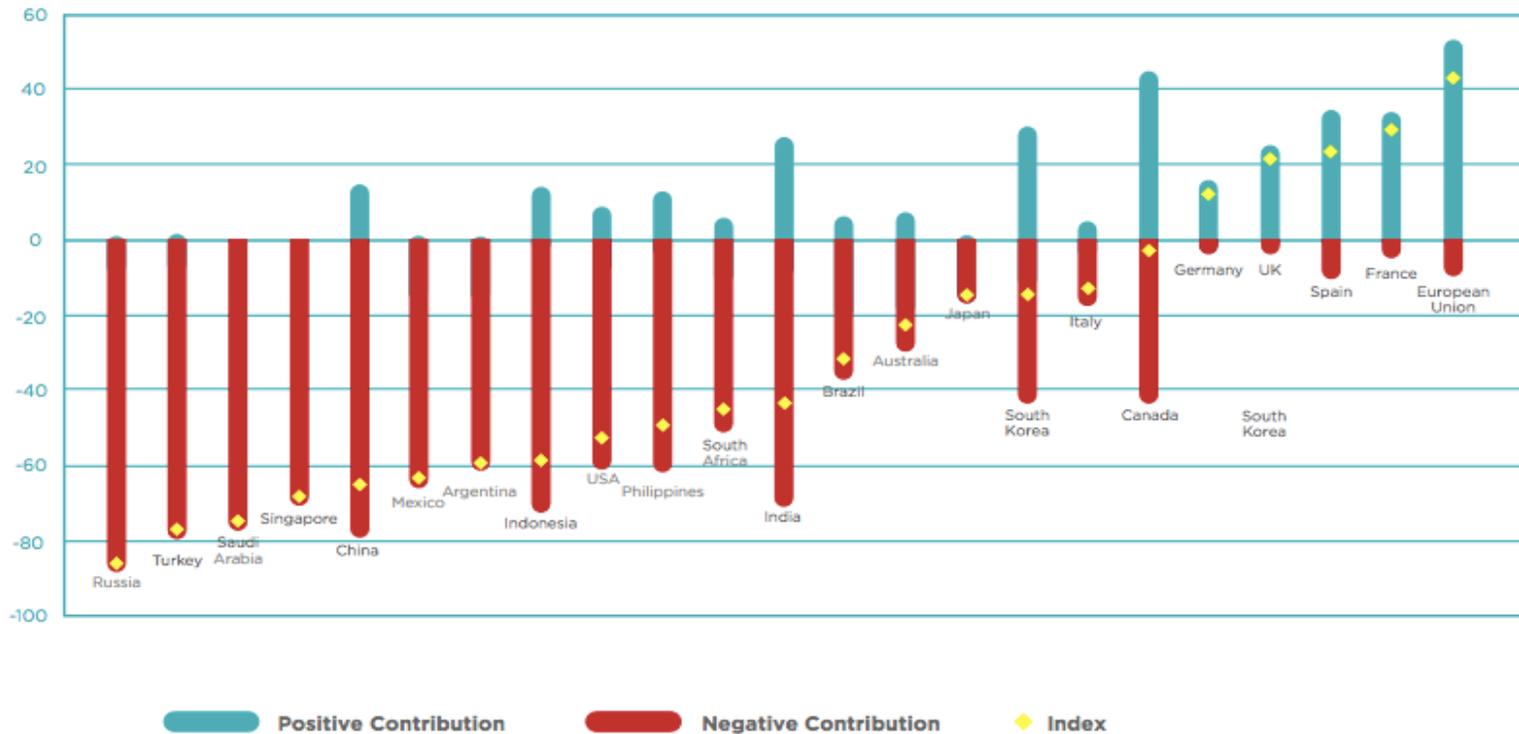
“Developing economy central banks are addressing risks of instabilities and imbalances through sustainable financing”

Yi Gang, Deputy Governor, People`s Bank of China

“China will advance green finance during its presidency of the G20 in 2016”

Stop Press: China subsequently established green finance in the G20 Finance Track, and this was followed by Germany and Argentina in their respective G20 Presidencies, with extraordinary cascade effects across the G20

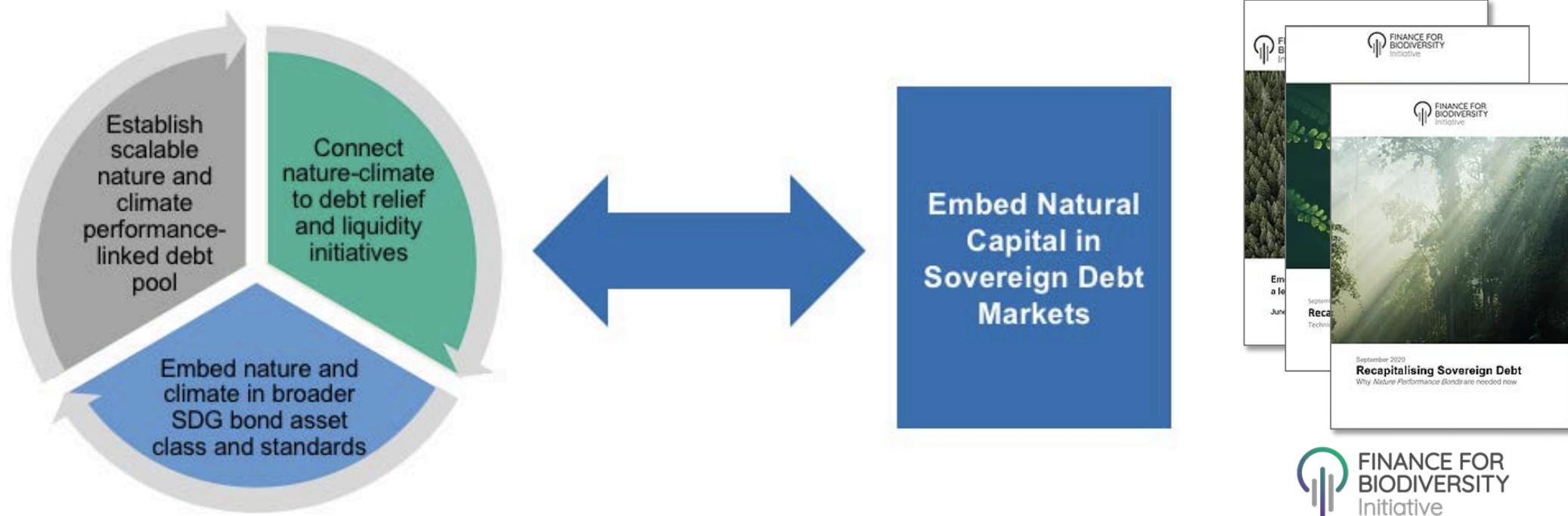
Systemic Intervention – Greening Stimulus Spending



“Given the large size and range of countries’ fiscal responses, decisions made now may shape the climate for decades. An initial assessment, however, indicates that little of the response to the COVID-19 crisis to date has been green.”

IMF Fiscal Monitor, October 2020

Systemic Intervention – Natural Capital in Sovereign Debt Markets



"As governments rebuild... policymakers must learn to value nature, providing the right conditions and incentives to drive change. One important step would be to create a new asset class comprised of things such as productive soils, crop pollination and watersheds"

Hank Paulson – Founder, Paulson Institute

Systemic Intervention – Harnessing Digitalization of Finance



**THE UNITED NATIONS SECRETARY-GENERAL'S
TASK FORCE ON DIGITAL FINANCING
OF THE SUSTAINABLE DEVELOPMENT GOALS**

“The Task Force on Digital Financing of the Sustainable Development Goals will provide leadership to harness the digital revolution. It will strive to unlock the powerful innovative and sustainable financing needed to achieve the sustainable development goals and transform our world”

Co-Chair



Maria Ramos,
Former Chief Executive Officer, Absa Group Limited



Achim Steiner,
Administrator, United Nations Development Programme

Members from within the United Nations System



Henrietta H. Fore,
Executive Director, UNICEF



Phumzile Mlambo-Ngcuka,
Executive Director, UN Women



Liu Zhenmin,
Under-Secretary General for Economic and Social Affairs

Bilateral and Private-Sector Members



Maiva Atalina Emma Ainuu-Enari,
Governor, Central Bank of Samoa



Kristalina Georgieva,
Chief Executive, World Bank



Mats Granryd,
Director General, GSMA



Piyush Gupta,
Chief Executive Officer and Director of DBS Group



Natalie Jabangwe,
Chief Executive Officer, EcoCash



Eric Xiandong Jing,
Executive Chairman and Chief Executive Officer, Ant Financial Services Group



Brad Katsuyama,
Chief Executive Officer and Co-Founder, IEX Trading



Poorna Kimis,
Director, Autonomous Research



Ambareen Musa,
Founder and Chief Executive Officer, Souqaimal



Patrick Njoroge,
Governor, Central Bank of Kenya



Richard Samans,
Managing Director, World Economic Forum



Aurelie Adam Soule Zoumarou,
Minister of Digital Economy and Communications, Government of Benin

Systemic Intervention – Digitalization and Catalytic Opportunities

Opportunities



Channel **domestic savings** into development financing



Enhance **financing for small and medium-sized businesses**



Digitize **public financing** and make public budgets and contracts transparent



Embed SDGs into decisions **capital markets**



Shape **consumption decisions** through improved information and choice architecture

Scale

Global savings pool has grown to **US\$23.3 trillion.**

Potential to meet the **US\$5.2 trillion** a year need for SME financing in developing countries.

Governments in developing countries could gain up to **US\$320 billion** annually from digitalizing payments.

The outstanding value of global equity and bond markets is **US\$185 trillion.**

Annual global consumption expenditure is **US\$47 trillion.**

SDGs



Systemic Opportunities – Domestic Savings for Development Finance?

Conventional
Development Wisdom

Is developing countries should tap international capital to finance long-term, development... with few cases of success.

Bangladesh Dependent
on Costly Global Capital

48% of the development budget is financed by external sources, increasing foreign debt payments and creating political dependencies.

Bangladeshi Savings Not
Used to Finance
Development

Bangladesh citizens save US\$50 bn annually but only 6% of the formal savings is being mobilized to finance long term development.

Digital can Empower
Citizens to Invest in
Their Futures

Digitalized financial value chain can finance the SDGs, from micro savings through mobile devices to innovative investable pools and blockchain enabled transparent investments.

Reinventing Inclusive
Development Finance

By citizens becoming digitally enabled investors reduces foreign capital dependency, increased capital flows at reduced cost, and increases equity and local multipliers.



Cabinet
Division
Government of the People's
Republic of Bangladesh



ICT
DIVISION

FUTURE IS HERE



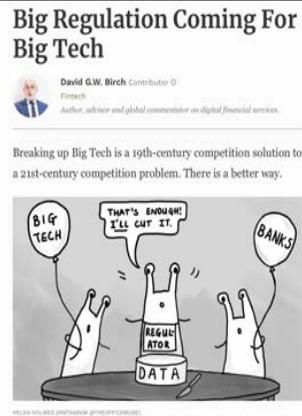
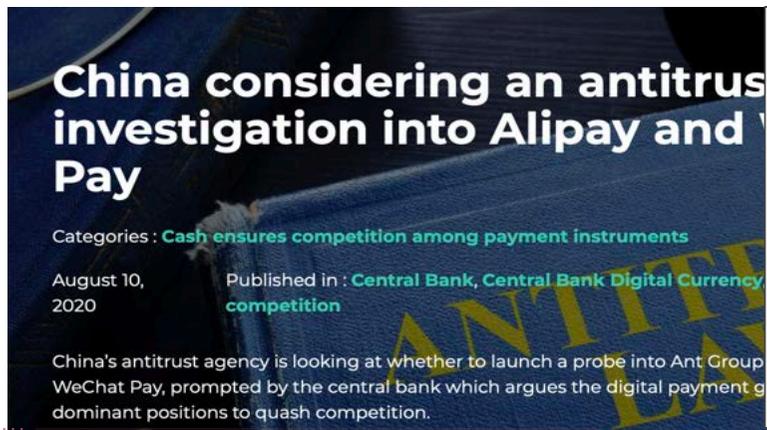
Empowered lives.
Resilient nations.

Systemic Opportunities – Fintech-Enabled Citizen Behavior Mobilization?

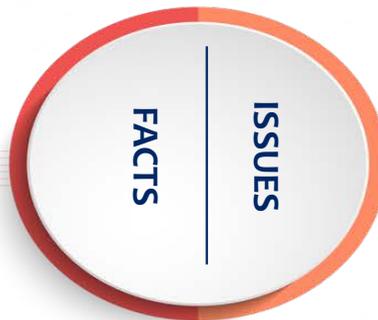


Ant Forest is engaging 550 million people, 7% of world's citizens, 'transacting carbon' in the world's largest no-policy, no-price carbon market.

Systemic Opportunities – Governance Innovation of BigFintech

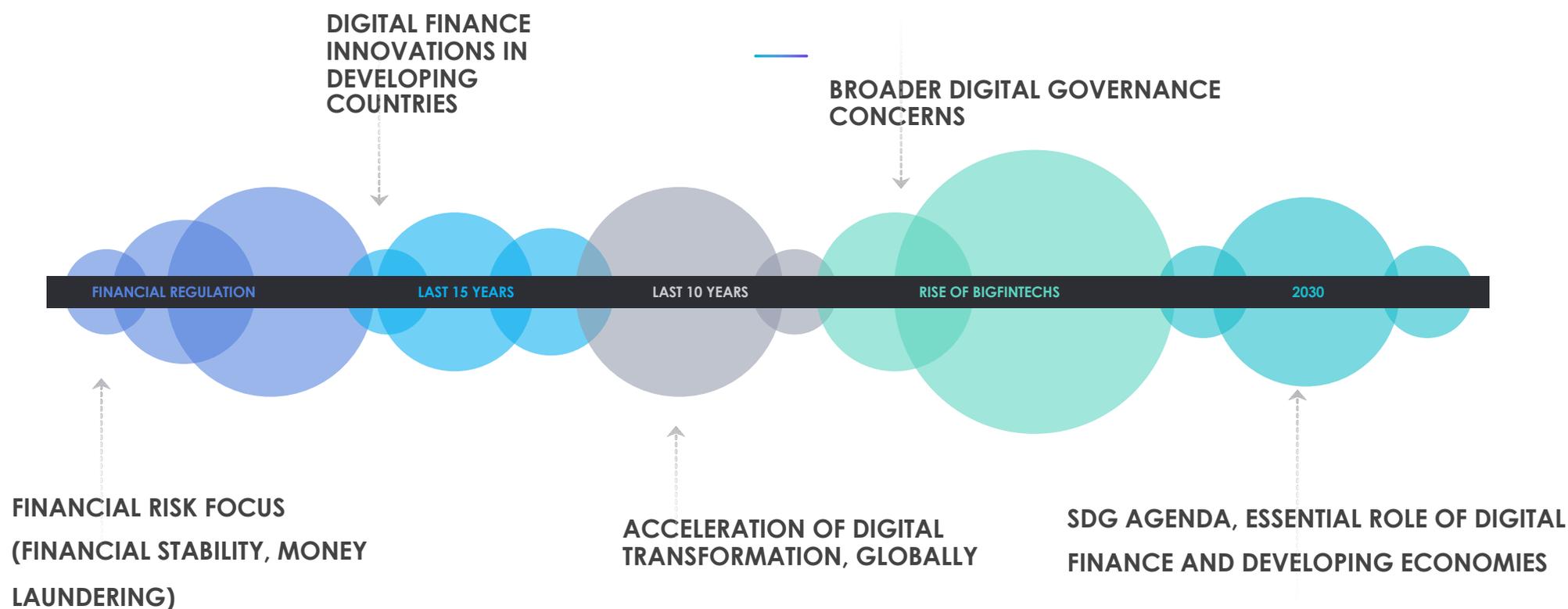


- 1.7 bn Alipay + WeChatPay users
- 59% Google Pay's share of UPI in India
- 10% Apple Pay's share of global card
- 2.7 bn Facebook payment services
- 50% Amazon's share of US e-commerce
- 770 acquisitions by GAFAM in 2019



- DATA PRIVACY ISSUES
- DISCRIMINATORY ALGORITHMS
- ANTICOMPETITIVE PRACTICES
- DATA MONOPOLIES
- MARKET CONCENTRATION
- CYBERSECURITY

Systemic Opportunities – Evolving an Inclusive Financial Governance



The **Dialogue on Inclusive Digital Financial Governance** has been launched, co-chaired by Kenya and Switzerland to advance a more inclusive governance of BigFinTech.

Sustainability, Finance and All That – Closing Reflections

Sustainable Finance
is Investing in Future
Markets

Piyush Gupta, CEO of DBS, *‘sustainable development shows me tomorrow’s markets, and fintech shows me how to serve them’*

Its the System,
Stupid

Mark Carney, until recently Governor of the Bank of England, *‘to achieve sustainable development requires a fundamental reset of the financial system’?*

Empowering Citizens is
Key

Maria Ramos, formerly CEO of Absa, Southern Africa’s biggest bank, *‘aligning finance with sustainability is about empowering citizens as the owners of the world’s financial assets’?*

Digital Places People at
the Heart of Global
Finance

Eric Ying, Executive Chair of the Ant Group, *‘the real promise of digital finance is its power to enable everyone to participate and take action in building an inclusive, green and sustainable world’.*

Governing to
Democratize Finance

Patrick Njoroge, Governor of the Central Bank of Kenya that *‘my real job is to democratize finance’.*

Getting the Job Done

Kristalina Georgieva, Managing Director, International Monetary Fund, *‘to return the financial services industry to what it is supposed to be - an industry that serves people’.*

Thank You !

Simon Zadek

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