



Poverty-Environment Action
for Sustainable Development Goals

UN 
environment
programme



GREEN FINANCING IN PRIVATE INVESTMENT

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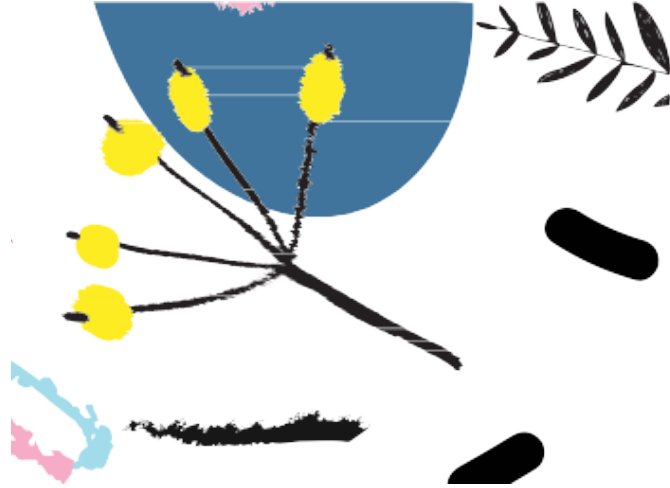


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Program

I	<i>Welcome & Housekeeping rules – Moderator:</i> • Gianni Lorenzato , PEA Consultant
II	<i>Introduction and PEA Institutional message</i> • Anne Juepner , Co-manager, UNDP–UNEP Poverty–Environment Action for Sustainable Development Goals
III	<i>Objectives of the Webinar</i> • Gianni Lorenzato , PEA Consultant
IV	<i>Challenges in addressing Private Green Finance through PEA</i> • David Smith , Chief Economist: Africa Regional Coordinator, PEA
V	<i>Green financing in the private sector and available UNEP and UNDP tools</i> • Gianni Lorenzato , PEA Consultant



VI	<i>UNEP Finance Initiative – A deep dive</i> • Yuki Yasui , UNEP Finance Initiative Advisor, Asia Pacific
VII	Participants sharing of experiences in working on private green finance & Q&A • Moderator
VIII	Closing remarks • Jonathan Gilman , PEA focal Point Asia Pacific, UNEP

Background

Green Finance is broader than Climate Finance in that it also addresses other environmental objectives such as natural resource conservation, biodiversity conservation, and pollution prevention and control. The concept of private green finance refers to actions undertaken by governments and private entities that mobilizes and aligns private financing for economic activities that are supportive of environment improvement, climate change mitigation and more efficient resource utilization. These economic activities include the financing, operation and risk management for activities in areas such as environmental protection, energy savings, clean energy, green transportation, green buildings as well as environment-oriented financial products or services, such as loans, credit cards, insurances or bonds. To promote private green finance in the Poverty Environment Action for SDGs (PEA) programming, in the UN system and among development partners, PEA is pleased to be organizing a webinar on green private finance and available UNDP and UNEP tools.

INTRODUCTION REMARKS

MODERATOR: GIANNI LORENZATO

PEA Institutional message by *Anne Juepner* PEA Co Manager, UNDP

- With less than 10 years to go before the SDGs 2030 deadline, countries have yet to fulfil their Addis Ababa Action Agenda financing commitments, while many lack the scale of resources necessary to achieve the Goals. Filling this financing gap will require a broad range of interventions focused not only on increased public but also crucial increased private investments.

- The COVID-19 pandemic has further exacerbated these SDG financing gaps, with financing needs increasing in parallel to significant reductions in availability of public and private financing for SDG investments. Mobilizing private sector resources in addition to public resources is therefore vital to narrow the financing gap.

- A core goal of PEA since its inception has been to mobilize and align public and private finance for the SDGs. However, although PEA has been successful in developing and applying a number of tools and processes related to public finance, we have been less successful on the private finance side. To attempt to go some small way in addressing this, this we are pleased to convene today's webinar on green private finance.

- The aim today is to promote private green finance in the Poverty Environment Action for SDGs (PEA) programming, in the UN system and among development partners, by trying to better define what we mean by green private finance and to present some of the relevant tools available from UNDP and UNEP. We would encourage our PEA country level staff to consider discussing these tools with government counterparts with a view to including these or related green private finance work in next years PEA annual work plans.

- Today's meeting will be facilitated by Mr Gianni Lorenzato an expert with long standing sustainable finance experience and has also advised UNDP HQs on this issue. He has also supported PEA in preparing policy brief on private

green finance which he will present here today. So without further ado and to make sure we leave the maximum time for discussion, please allow me to hand over to Gianni.

Challenges in addressing private green finance through PEA by *David Smith*

- Purpose of PEA Program is to support the integration of poverty environment objectives in national policies and budget allocations.

- PEA seeks to catalyze private sector investments in sustainability and resilience that will contribute to poverty reduction.

- Mobilizing private sector green finance includes creating incentives through regulations, policies, laws.

- Early stages of PEA's work in Africa focused on supporting governments to design and apply environmental fiscal reforms through application of economic subsidies like taxes, royalties and deposit systems that would be an incentive for private sector to invest in sustainability.

- Governments and political leaders had concerns about the impact on poor people and lack of capacity on designing and implementing economic instruments and brought no change.

- In Africa, agricultural sector is dominated by small holder and mainly women farmers who are poor, risk averse, have no disposable income and would therefore find it hard to invest in sustainable agriculture.

- High levels of subsidies that don't incentivize sustainable farming and create disincentives for climate smart agriculture for example.

- Sustainability did not often part of political considerations for incentives.

- Lack of strong farmer organizations and no strong



national farming bodies hampers financial investments in agriculture.

- Farm extension services don't focus sufficiently on capacity building for sustainable agriculture- no skills or motivation on farmers to increase farmers' time and investments.
- In forestry and fisheries, challenges include inadequate governance and management systems, licensing and royalty systems.
- Trade policies can inhibit private sector investment- high tariffs and restrictions on exports.
- In Energy, electricity is under the mandate of parastatal management and monopoly and regulatory create hurdles in private sector investment.
- There's notable success in Rwanda, where PEA catalyzed the establishment of the Environment and Climate Change Fund with over 200 million USD for sustainability and resilience projects. Key lesson is government's willingness to put in place an encouraging financial investment climate so businesses can take the risk and invest in sustainability projects. Combine sustainability objectives and a good business environment for a winning combination to encourage private sector investment.

Green financing in the private sector & available UNEP and UNDP tools – Giovanni Lorenzato

- The goal of mobilizing private finance is to help achieve the SDGs- gap of \$2.5 trillion annually in developing countries.
- Private financing is a parameter that is increasingly valued by donor countries, development community and vertical funds- their grants and concessional dollars used to mobilize more funds from the private sector.
- 'Green' and not climate finance because it goes beyond the usual sectors to include others such as preservation of biodiversity, control of pollution.
- Supply of capital- there's increased interest in sustainable investing.
- No uniform definition of sustainable/green finance.
- 36% of professionally managed funds worldwide invest in sustainable assets.
- There's increased demand by investors such as green and thematic bonds finance assets.

- Positive trend is increasing policy momentum towards mainstreaming green private finance e.g. Work by governments and financial regulators on coming up with consistent matrix, mainstreaming green matrix into the work of major financial institutions, cross border collaborations on green investments.
- Regulatory and investor demand trends are favorable to green financing.
- Green finance is easier mobilized in developed economies and harder in developing countries because it's harder to generate attractive commercial returns.
- Blended finance as a solution that is gaining traction- introduce concessional capital, grants, loans etc in the project structure so that the returns for the commercial investor can be enhanced and project risks decreased.
- **UNDP, UNEP and PEA tools** – facilitation of blended finance by sourcing concessional capital, facilitation of project pipeline, technical assistance and policy development support and application of sustainability principles.
- UNDP facilitates access to concessional capital, pipeline facilitation, policy development.
- UNCDF provides bankability training to SMEs with the aim of making them attractive to commercial capital providers
- Identifying sectors where there is potential for private investment to make impact in green economy.
- Impact accelerators with industry partners.
- Policy development support- insurance advisory, thematic bond advisory, Biodiversity Finance Initiative.
- Sustainability- SDG impact standards for private equity, corporate bonds and enterprises UNEP.
- Through the UNEP Finance Initiative has done work for over 20 years in blue economy principles, blue and green bonds, environmental and social risk assessments.

PEA has focused mostly on green public finance and done work in:

- Blue economy with Indonesia and in Bangladesh and potential for private finance.
- Environmental Impact Assessments – methodology to identify environmental, social and economic impacts of projects including in the private sector.
- Handbook on Integrated Planning, Budgeting and Investment tools for the SDGs that covers all financial tools.

Challenges identified in efforts to support private finance

- PEA work has primarily focused on public finance – private finance is a new area.
- Lack of own concessional capital by UNEP and UNDP to facilitate private investments.
- Limited staff experience in private sector investment and mobilizing green finance.
- Ability to finance is reliant on donor contributions and priorities.
- Pushback from CSOs, especially where some services are still viewed as public goods.

Mobilizing private green finance is key to the 2030 Agenda

- Large gap to achieve the SDGs
 - \$2.5 trillion gap *annually* in developing countries for infrastructure, clean energy, water, sanitation and agriculture¹
- Mobilizing private capital is key to filling gap and achieving 2030 Agenda
- Ability to leverage private finance increasingly prized by donor countries and vertical funds (e.g. Green Climate Fund)
- Increased demand for private finance support from UN country teams
- Increased focus as part of national integrated financing frameworks

1) UN (2015). Report of the Intergovernmental Committee of Experts on Sustainable Development Financing <http://www.un.org/esa/ffd/publications/report-icesdf.html>



What is green private finance?

- Financing (equity or debt) or de-risking (insurance) at commercial rates of green investments made by companies or individuals
- Use-of-proceeds perspective
- Excludes public good type projects
 - E.g., essential infrastructure not suitable to tariffs
- Not just climate finance...
 - E.g., renewable energy, energy efficiency, water and transport infrastructure
- ...But also other green uses of proceeds
 - E.g., preservation of biodiversity, pollution control

Many different sources of green private finance

Private capital sources

- Commercial banks
- Other specialized lenders (leasing, credit cards)
- Private equity and credit funds
- Infrastructure funds
- Venture capital funds
- Start-up incubators and accelerators

Financial markets

- Investors in listed stocks
- Investors in corporate bonds
- Such investors include pension funds, asset managers, sovereign wealth funds and retail investors, among others

Insurance solutions

- Insurers
- Re-insurers
- Credit guarantors



Increasing global demand for green and other sustainable investments

- Strong investor appetite for sustainable and green finance assets globally
 - Sustainable assets under management reached \$35 trillion in 2020 (36% of total in advanced economies)¹
- Over \$1.5 trillion green and other thematic bonds issued cumulatively to June 2021
- New bond categories gaining popularity: green and sustainable sukuk, blue bonds, transition bonds
- Dedicated green private equity, infrastructure and venture capital funds
- ESG and sustainability indices launched in stock and bond markets

1) Global Sustainable Investment Alliance (2021). *Global Sustainable Investment Review 2020*.

Increasing policy momentum to mainstream green private finance

- Policy and regulatory momentum driven by governments, financial regulators, central banks and public financial institutions
- UNEP's *Green Finance Progress Report* recorded progress on 7 fronts:
 1. Formulation of strategic policies and frameworks
 2. Promotion of voluntary green finance principles
 3. Expansion of learning and capacity building networks
 4. Development of local green bond markets
 5. International collaboration to facilitate cross-border investments in green bonds
 6. Facilitation of knowledge-sharing on environmental and financial risks
 7. Improve the measurement of green finance activities and impacts

Source: UNEP (July 2017). *Green Finance Progress Report*.

Increasing focus on blended finance for green investments in developing countries

Why blended finance

- In developing countries, green investments often present returns that are not commensurate with project risk
- Concessionality – in the form of grants, soft loans, guarantees and other tools – enhances returns or reduces risks making projects attractive to private investors
- Blended approach can also have demonstration effects, mobilizing private capital beyond the specific project

Providers of concessionality

- Multilateral and national development banks
- National development agencies
- Governments in project countries
- Vertical funds such as Green Climate Fund, Adaptation Fund, UN Joint SDG Fund
- Multi-donor trust funds

Blended finance has broad applications

Five examples

Country	Investment	Blended solution
DR Congo	Launch of private equity SME fund	Technical assistance facility by the IFC to facilitate deal sourcing and execution
Mali	Solar power development	Concessional loans by Climate Investment Funds, World Bank partial risk guarantee
Myanmar	Funding of microfinance institutions	Subsidized currency hedging backed by multi-donor trust fund
Rwanda	Water supply public-private partnership	PIDG grant to cover some investment costs, project preparation assistance
Tanzania	Agro-processing company	Grant, concessional loan and technical assistance by UNCDF

Source: UNCDF (2018). *Blended Finance in the Least Developed Countries*.

UNDP, UNEP and PEA can support green private finance from several angles

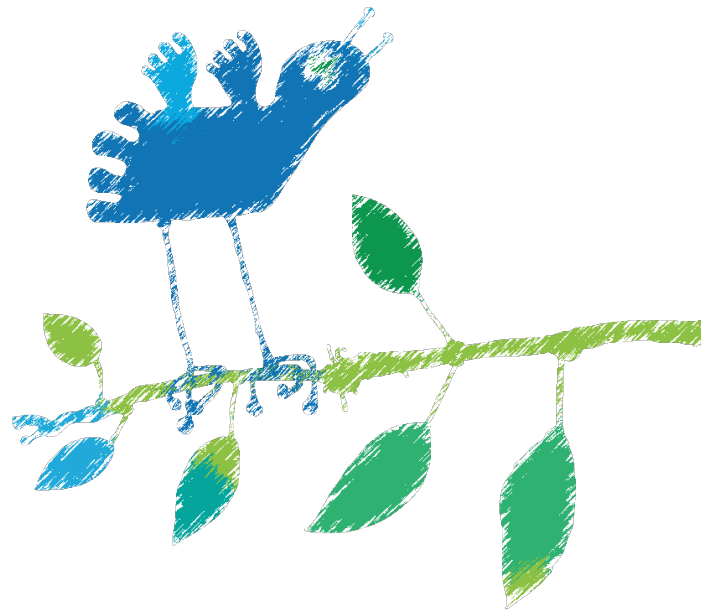
1. Blended project facilitation by sourcing concessional capital (UNDP)
2. Pipeline facilitation and project preparation (UNDP)
3. Technical assistance and policy development support (UNDP, UNEP and PEA)
4. Application of sustainability principles (UNDP, UNEP)



UNDP green private finance tools (1/3)

Area	Tool	Description
Access to concessional capital	1. Mobilize grants from vertical green funds (GCF, AF, GEF, SDGF, NAMA) ¹	• UNDP leads proposal preparation and grant request • UNDP manages project • Private investor, lender or DFI provides equity or debt as commercial co-finance
	2. UNCDF provides concessional capital	• UNCDF provides grants, concessional loans or guarantees to support private sector investments • Focus on LDCs and SMEs
	3. UNCDF supports impact fund launch	• UNCDF selects fund manager, sponsors launch and facilitates pipeline • Donors provide concessional capital to fund • Private investors capitalize fund at commercial terms

GCF = Green Climate Fund, AF = Adaptation Fund, GEF = Global Environment Facility, SDGF = UN Joint SDG Fund, NAMA = NAMA Facility.



UNDP green private finance tools (2/3)

Area	Tool	Description
Pipeline facilitation	4. Early-stage preparation for climate change mitigation investments	• UNDP Nature, Climate and Energy team provides technical assistance to governments to establish enabling environment for renewable investments • E.g., upcoming Africa solar program • TA before or in parallel to a specific green investment
	5. UNCDF bankability training	• TA and capacity building to entrepreneurs and SMEs • Focus on helping them access bank finance
	6. SDG investor maps	• Screening of investment sectors based on potential to fulfill SDGs • Maps currently available for 16 countries • https://sdginvestorplatform.undp.org
	7. Impact accelerators	• UNDP runs country accelerators for SDG-focused businesses • Industry partners provide business acceleration • UNDP provides impact management and measurement training

UNDP green private finance tools (3/3)

Area	Tool	Description
Policy development support	8. Private sector development	- UNDP Crisis Bureau provides technical assistance to governments in crisis/fragile countries on private sector development - Could be before or in parallel to specific green investment
	9. Insurance advisory	- UNDP insurance team researches innovative insurance products (e.g., to address natural disasters) - Also provides advisory services to governments
	10. Thematic bond advisory	- Advice to governments on development of green and other thematic bond markets - Issuance advice (e.g., identification of green uses of proceeds)
	11. Biodiversity Finance Initiative (BIOFIN)	Methodology to identify the most suitable finance solutions (including private) to bridge national biodiversity finance gaps
Sustainability principles	12. SDG impact standards	UNDP developed impact standards for private equity, bond issuance and enterprises

UNEP green private finance tools (1/3)

UNEP Finance Initiative

Tool	Description
1. Sustainable Stock Exchanges Initiative	UNEP supports stock exchanges to develop green finance action plans
2. Sustainable Blue Economy Finance Principles	Launched in 2018, the Principles are the world's first global guiding framework for banks, insurers and investors to finance a sustainable blue economy. They promote the implementation of SDG 14 (Life Below Water)
3. Green and blue bond training workshops	Workshops aimed at potential thematic bond investors, issuers and verifiers/second-party opinion providers
4. Environmental and Social Risk Assessment courses for banks	In-person workshops and 3-week intensive online course for banks' credit risk officers as well as using a <i>Guide to Banking and Sustainability and Environmental</i>

UNEP green private finance tools (2/3)

UNEP Finance Initiative

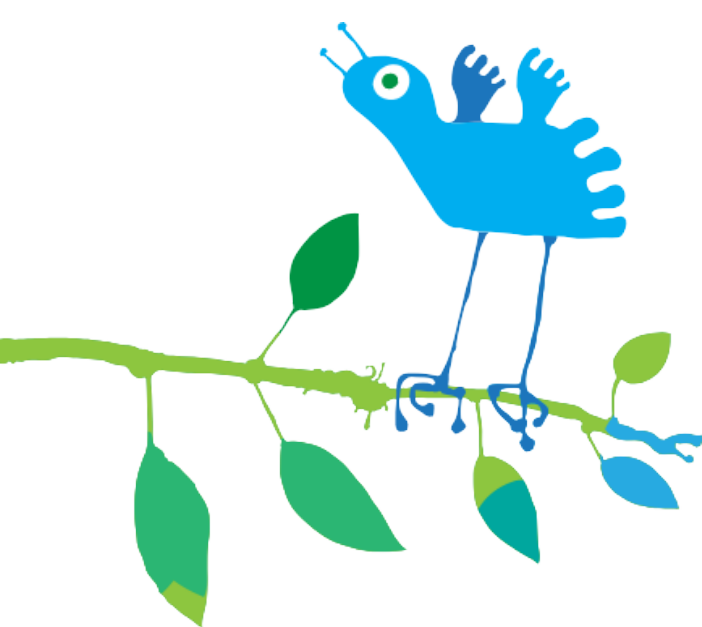
Tool	Description
5. Facilitate development of environmental and social risk heatmaps for banks	A national Environmental and Social (E&S) Risk Heatmap is a guidance tool for banks to get an indication of levels of potential E&S risks across national economic sectors
6. Capacity building on forward-looking climate scenario analysis for banks	UNEP's Finance Initiative (UNEP FI) since 2017 has been working with leading banks around the world in developing a common methodology around using climate science's warming scenarios to assess risks for banks
7. Awareness raising on Principles for Responsible Banking	The Principles were developed with 28 major banks from five continents and are a framework for ensuring that signatory banks' strategy and practice align with the vision society has set out for its future in the Sustainable Development Goals and the Paris Climate Agreement.

UNEP green private finance tools (3/3)

UNEP Finance Initiative

Tool	Description
8. Principles for positive impact finance	These principles provide lenders, investors and a stakeholders with a working definition of positive impact finance and a high-level framework to enable them to analyze, manage and deliver impact across business lines
9. Natural capital risk assessments	Using a new tool known as ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), UNEP can help banks, investors and insurance firms assess the risks that environmental degradation, such as the pollution of oceans or destruction of forests, cause for financial institutions
10. Principles for Sustainable Insurance	Principles for Sustainable Insurance (PSI) has been mobilizing insurance companies around the world to support government and communities around the Sendai Framework for Disaster Reduction
11. National green finance roadmaps ¹	Support to governments in the development of long-term, systemic plans to enhance the ability of the financial system to mobilize green finance

¹) Initiative already implemented by UNEP outside of the UNEP Finance Initiative.



PEA green private finance tools

Tool	Description
1. Blue economy financing framework	Through PEA, UNEP and UNDP support governments in the production of Blue Financing Strategic Documents that serve as one of the foundations of the assessment and development of a credible blue bond framework
2. Environmental impact assessment	An environmental impact assessment is used to identify the environmental, social and economic impacts of a project prior to decision-making
3. Integrated planning, budgeting, and investment tools for the SDGs	Handbook providing information on poverty-environment mainstreaming tools, including public and private investments



Challenges in UNDP, UNEP and PEA's support of green private finance

1. PEA work to date has prioritized public sector – limited private sector track record to speak of
2. Lack of UNDP/UNEP own concessional capital to support blended green projects
3. Policy support is very upstream relative to actual green investment opportunities
4. Limited staff experience in private sector investment and lending
5. Ability to support green private finance is reliant on donor contributions and priorities
6. Still some push back from CSOs on engaging with private finance

UNEP Finance Initiative:

A deep dive by *Yuki Yasui*, UNEP Finance Initiative –Asia Pacific Region Coordination Manager

- **UNEP FI**, convener of the UN Principles for Responsible Banking and Principles for Sustainable Insurance and Principles for Sustainable Investment in 2006.
- Partnership between UN and 432 financial institutions around the world.
- One of the oldest sustainable finance initiatives and nearly 30-year UN partnership with the private sector.

UN Principles for Responsible Banking

- Launched in 22 September 2019 with 260 signatory banks from 69 countries.
- Work at institutional level to nudge banks to integrate and mainstream sustainability into their strategies, governance and business models.
- **Alignment** of business strategies with SDGs and other national and regional frameworks.
- Understanding the impact of their financing activities and to record against them [private sector commitment].
- Banks look at their business models and are prompted to be future makers as part of the solution.
- **Some core activities**; big transition for banks and how they are looking at thematic issues (e.g. how to set targets on financial inclusion and financial health), gender equality, risk management [human rights according to UN Guiding Principles on Business and Human Rights], more innovation [e.g. circular economy].

Glasgow Financial Alliance For Net Zero [GFANZ]

- NET alliances [Banking, Insurance and Asset Owners] are ambitious commitments by investors, banks and insurers to align their portfolios to be net zero by 2050 and work together to set the methodology and peer learning and setting targets and recording against them.

Sustainable Stock Exchange Initiative [SSEI]

- Partnership with UN and 100 Stock exchanges around the world to take up sustainability.
- Issue guidance documents on gender equality, how securi-

ties can grow green finance, ESG information.

- Longest running campaign to get all stock exchanges should provide listed companies with guidance on sustainability reporting, currently at 53%.

Current challenge: What companies are reporting on climate risk and other sustainability information is not standardized.

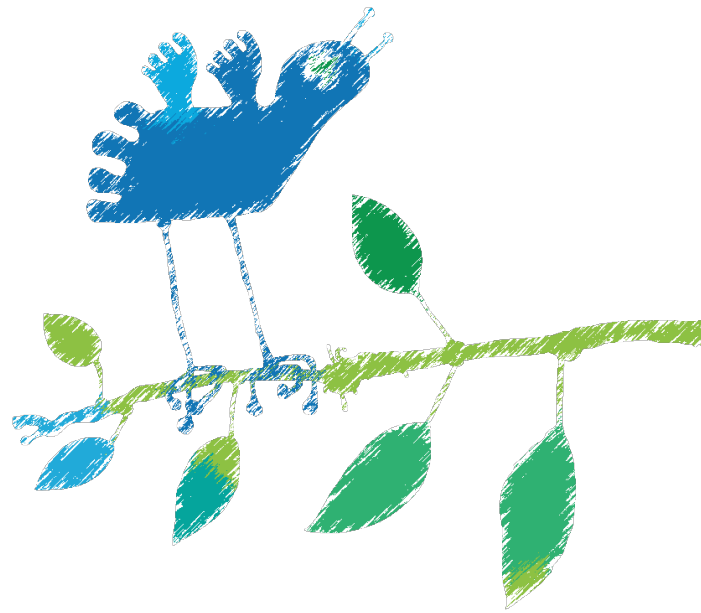
About UNEP Finance Initiative

Convenor of the UN Principles for Responsible Banking and UN Principles for Sustainable Insurance



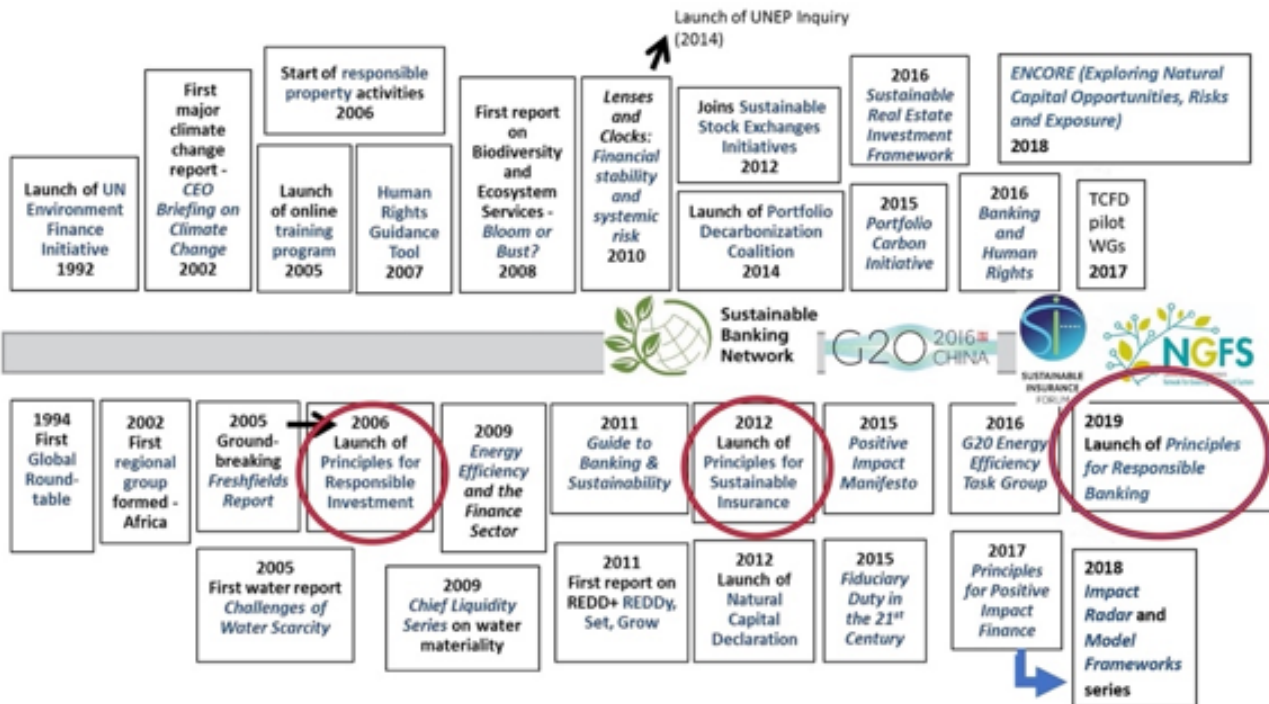
UNEP Finance Initiative 432 members (at 30 Sep 2021)





UNEP Finance Initiative Since 1992

Development of the three UN Principles on Sustainable Finance



About UN Principles for Responsible Banking

Launch of the Principles for Responsible Banking
22 September 2019, UN in NY
with UN Secretary General Antonio Guterres



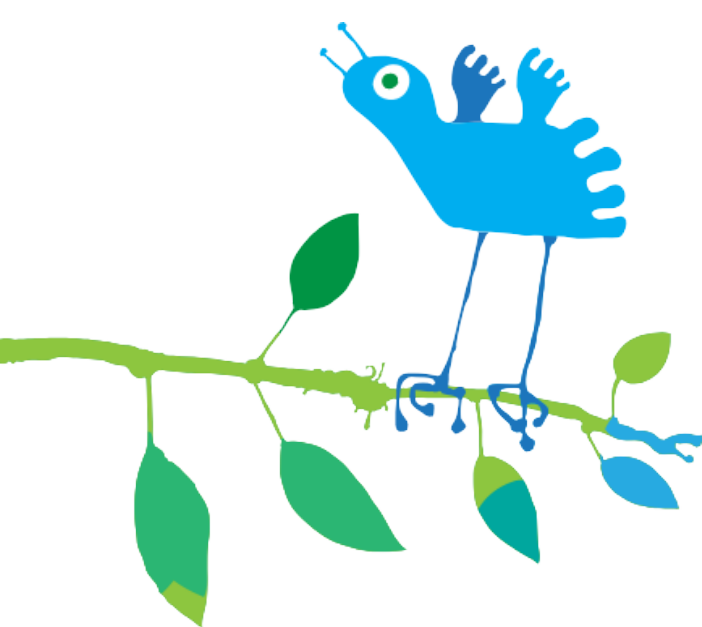


260 signatories from 69 countries collectively worth \$70 trillion
40% of the banking industry and serving more than 1.6 billion people worldwide



Comprehensive global framework for sustainable banking

 PRINCIPLE 1: ALIGNMENT We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.	 PRINCIPLE 2: IMPACT & TARGET SETTING We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	 PRINCIPLE 3: CLIENTS & CUSTOMERS We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.
 PRINCIPLE 4: STAKEHOLDERS We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	 PRINCIPLE 5: GOVERNANCE & CULTURE We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	 PRINCIPLE 6: TRANSPARENCY & ACCOUNTABILITY We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.



Why your bank need to be a UN Principles for Responsible Banking signatory

- 1. No one can manage oneself out of today's global E&S risks**
Be part of the solution
- 2. Are you prepared for the 'net zero transition'?**
Navigate your business with impact management
- 3. Business models of banks are changing**
From 'future taker' to 'future maker'
PRB banks are building ESG expertise to advise clients
- 4. Be part of the accelerating pace & scale of change in sustainable finance**

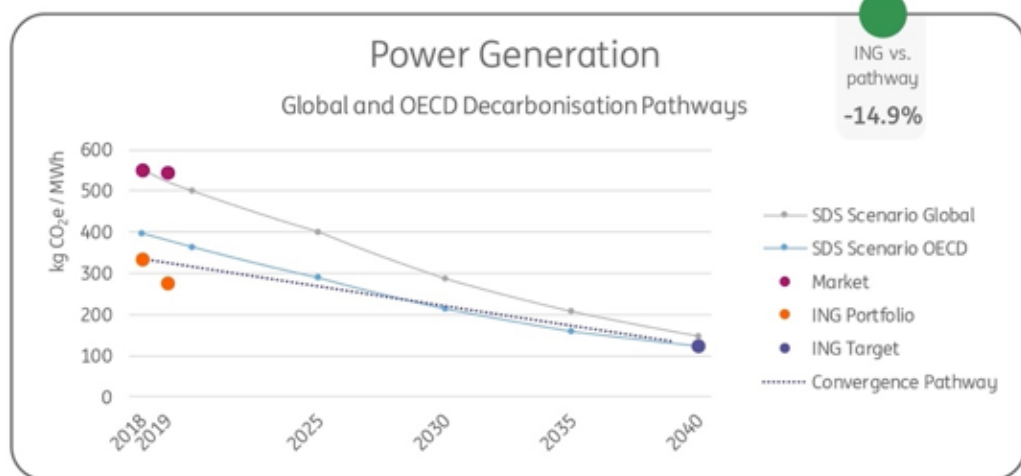




Example from a PRB member

Figure 2 Power generation decarbonisation pathway

Commitment to reduce exposure to coal-fired power and thermal coal mining to close to zero by the end of 2025. Announced 2017.



Source: ING Terra progress report 2020

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2. Implementing PIF Loans @SuMi TRUST

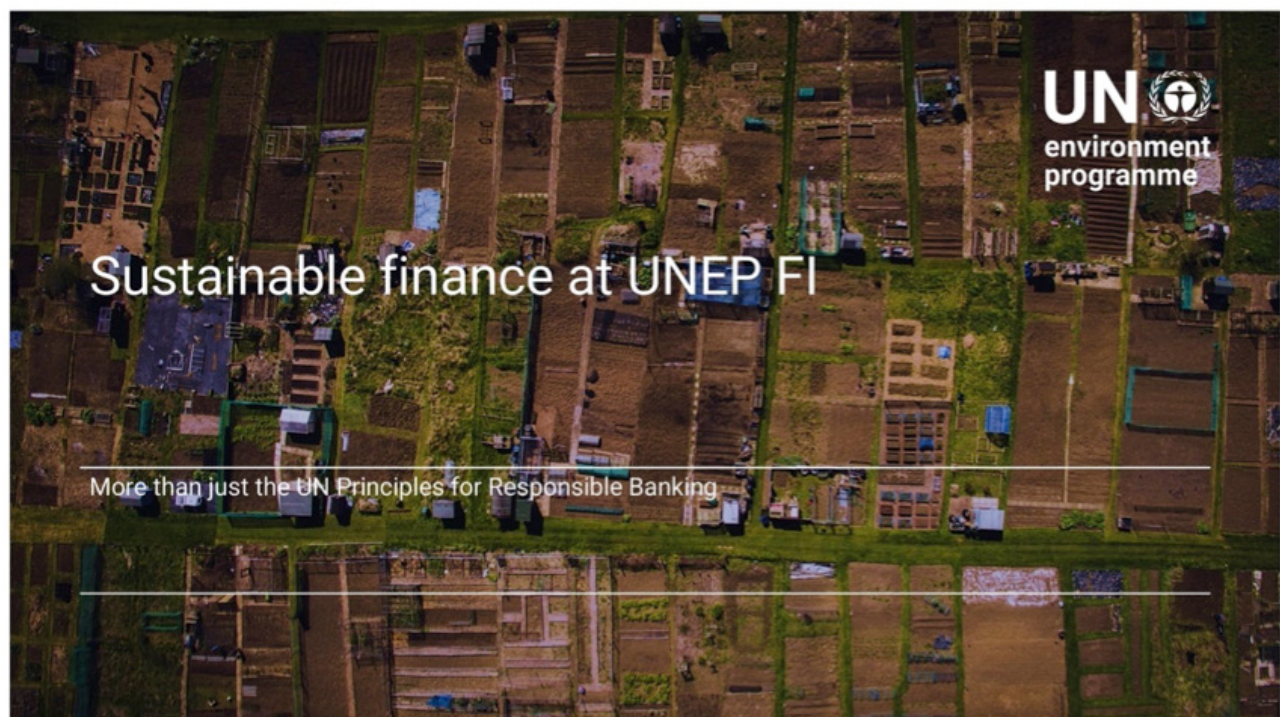
	Borrower	Loan Type	Major Impact Areas
1	FUJI OIL HOLDINGS INC. (Food)	Bilateral loan	✓ Sustainable sourcing ✓ Reducing negative environmental impact during production ✓ Providing solutions with food and food safety, reliability and quality
2	J.FRONT RETAILING Co.,Ltd. (Retail)	Bilateral loan	✓ Contribution to a low-carbon society ✓ Sustainable management of the entire supply chain ✓ Shared prosperity with local communities ✓ Diversity and work-life balance
3	Nippon Paper Industries Co., Ltd. (Pulp and Paper)	Bilateral loan	✓ Sustainable sourcing through securing biodiversity ✓ Mitigation of climate change ✓ Reducing negative environmental impact by recycling of resources ✓ Building a vibrant organization ✓ Providing environmentally and socially conscientious Products
4	Toyo Aluminium K.K. (Non-ferrous Metals)	Bilateral loan	✓ Innovation for the Future ✓ Environmental conservation ✓ Diversity
5	Sumitomo Rubber Industries, Ltd. (Rubber Products)	Bilateral loan	✓ Greening (Re-forestation) ✓ Reducing negative environmental impact of business activities ✓ Development of next-generation technologies and products. ✓ Sustainable supply chain management

Source: Prepared based on each company's release
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The COP26 landscape

The Net Zero Banking Alliance is the banking element of the Glasgow Finance Alliance for Net-Zero, which is led by Mark Carney's COP26 Private Finance Hub. It will house the various net-zero commitments in the financial sector that have been accredited by Race to Zero:



Race to Zero is a global campaign by the High-Level Champions of COP 26. It brings together net zero commitments from a range of leading networks and initiatives across society. To be accredited, initiatives must meet Race to Zero's 'minimum criteria'. Institutions cannot join individually.



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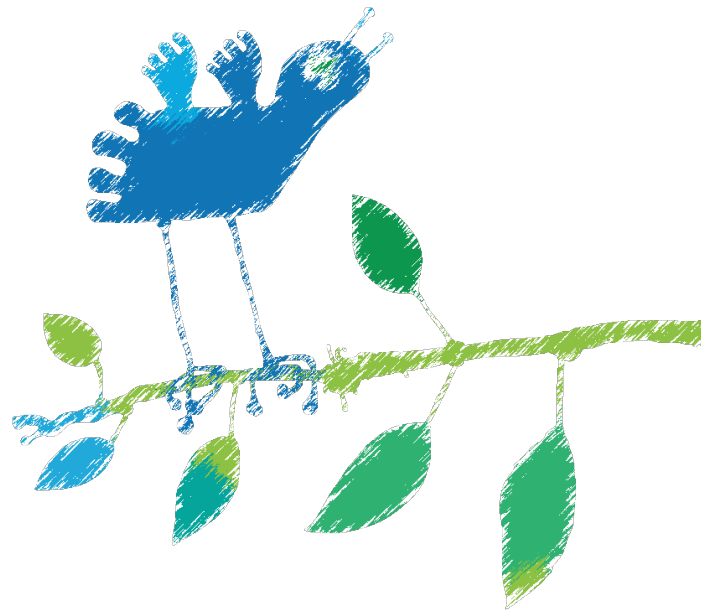
Net Zero Alliances



NZ Asset Owners Alliance	61 institutions	21 countries	\$10 trillion AUM
NZ Banking Alliance	95 banks	39 countries	\$66 trillion Total Assets (40% of global banking asset)
NZ Insurance Alliance	15 insurers & reinsurers		

Members of the Net-Zero Banking Alliance (NZBA) commit to transition the operational and attributable GHG emissions from their lending and investment portfolios to align with pathways to net-zero by 2050 or sooner.

- Set 2030 & 2050 targets which are in line with a scenario consistent with 1.5 degree warming to cover a significant majority of emissions including in at least one priority sector within 18 months and set targets for all or a substantial majority of listed carbon-intensive sectors within 36 months of signing.
- Annually report on targets and progress and take a robust approach to the role of offsets in transition plans.



**Sustainable
Stock Exchanges
Initiative**

The SSE is a UN Partnership Programme of:



An informative presentation about the
SSE initiative

For more information on this initiative contact the UN SSE initiative or visit the SSE Website:

www.SSEinitiative.org | info@SSEinitiative.org
[@SSEinitiative](https://twitter.com/SSEinitiative)

Over 100 stock exchanges
around the world have become
SSE PARTNER EXCHANGES

www.SSEinitiative.org

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SSE's Guidance Documents



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The Progress



60 of the 114 stock exchanges tracked by the SSE have published ESG reporting guidance for their listed companies



SSEI goal

All stock exchanges to provide listed companies with guidance on sustainability reporting

Visit www.sseinitiative.org to discover more stock exchange sustainability data.

Source: SSE database

www.SSEinitiative.org

| info@SSEinitiative.org

| [@SSEinitiative](https://twitter.com/SSEinitiative)

Participant Q&A:

Participants sharing of experiences in working on private green finance.

What is the main challenge faced in terms of UNEP Fi promoting the standardization of principles?

- There are many different standards from regulators and private sector sides.
- Lack of information and data from companies and are difficult to compare.
- Lack of definition of green financing- EU and other countries have their own taxonomy.
- There is need for transition financing- we need to support the current ground industries to become green. Transition financing is a wider concept where UNEP Fi is helping and financing companies using fossil fuel but are trying to become less dependent and gradually move to net zero.

What is the geographical distribution in terms of the finance injected? Where is the bulk of finance going, especially in terms of north-south access? In view of the debate that countries that don't contribute as much to climate change are suffering the most, are funds flowing their way to help them adapt and mitigate the effects of climate change?

- Traditionally a lot of work with the banks has been risk management- will the environmental and social issues hold more risk for the banks?
- The Principles of Responsible Banking [PRB] invites banks to pursue impact, to understand their positive and negative impact on the planet and to be conscious of them, manage and set targets against them. This is a novel thought for most banks, since the PRB's launch 2 years ago
- Banks are now interrogating new product developments that will create positive impacts
- In the developing country context, banks are looking at



social issues [how they can support SMEs and financial health and inclusion] as well as make money.

- Banks are becoming more aware and cognizant of what their impact is after lending – to the local communities, the planet and the environment- knowing it could become a measure of their competitiveness going forward.

Where capital markets are less developed, are there examples of leveraging/partnering with domestic super annuation funds for green finance or blended finance products?

- There are funds e.g., in Senegal, Nigeria and Ghana that invest for the purpose of creating a pool of savings and to address economic development and other needs.
- None of these funds are exclusively devoted to green but make investments that are connected to the green economy such as solar plants investment in Senegal.
- This can be a source of commercial capital for the green economy, especially for countries that rely on non-green activities such as fossil fuel production for their economy. The funds can use the capital generated to address the long-term green needs of the country.
- It would be interesting to observe how developing countries in particular transition into green finance and create additional avenues of economic wealth and employment.

Poverty Environment Action EIA work in Myanmar- sharing experience by Kareff Rafisura

- In spite of the coup and political turmoil in Myanmar, 2 PEA initiatives have centered around supporting the recovery of small businesses and financial institutions.
- PEA capacity development support was re-routed to the private sector;
- Based on stakeholder engagement there's strong argument to continue with the capacity building.

www.PEA4SDGs.org

- EIA is relatively young in Myanmar, adapted in 2015.

Currently developed a Capacity Development Program for CSOs, technical institutions and private sector to develop their capacity to (i) carry out assessments (ii) put in risk mitigation measures and (iii) to conduct public consultations in a robust way.

- In order to promote private green finance, a gap identified by financial institutions was lack of reliable EIA information to help them decide which projects to lend to.

- Moving forward with PEA, Myanmar will start a Technical Assistance Program to engage financial institutions to incorporate ESG principles in their post-crisis recovery plans and how banks can use the outputs coming out of the EIA process.

- Interested in learning about global experiences especially in the area of transition financing.

The Africa Green Finance Coalition is a reality from the COP and \$130 trillion is being mobilized towards climate and green action. What are your thoughts on Africa handling the transparency challenge, which will be a make or break in accessing the funds? Dynamics around green finance require reporting on the nature of the product and how the proceeds will be used. How can Africa attract the funding pledged in the COP?

Response by Gianni:

- Private finance is a market process matching supply and demand. The responsibility should be on the issuer of security to meet the standards on transparency and governance.
- There are regulatory efforts to standardize and facilitate the definition of user proceeds e.g. green bonds are now a mainstream product and there are market standards [Green Bonds Principles] that have been widely adopted as a starting point.



- His observation is that developing countries should refer to the available taxonomy and adapt them to the African context, which would be useful in reducing the risk perception by investors. There should also be enhanced internal efforts to improve transparency and governance by the countries and private sector themselves.

Response by Yuki:

- Transparency, traceability, accountability and governance is a big issue in green finance and the most difficult areas and of struggle for developing country institutions.
- Centralize the knowledge through institutions like the local banks signed up to the PRB as advisors and supervisors who will advise their clients on reporting.
- The KPIs reported to be kept as simple as possible and doable for the recipient of the financing.

Closing Remarks by *Jonathan Gilman, UNEP*

- Of the 400 , work of significance to steer finance towards the SDGs.