

**Ministerial Luncheon of the Second Session of the
United Nations Environment Assembly**

“Mobilizing Resources and Partnerships for Sustainable Investments”

**26 May 2016
(13:15 – 14:45 hrs)**

Background

1. The first session of UNEA in 2014 provided a broad, landscape view of some significant developments in the field of sustainable finance. Since then, the topic has evolved dramatically. An increasing number of environmental ministries are more widely engaged, in part because of the climate negotiations but also because of the rapid development of policy and practice to promote green finance. UNEP’s work has also evolved through the work of the Inquiry, UNEP Finance Initiative (UNEP FI) and the energy financing team, and the increasing role of finance as a key variable in green economy work.
2. This changing context provides a basis for UNEP to bring finance and investments once again into UNEA. The opportunity is to deepen the "show and tell" aspects, and to build a stronger collective process for UNEA members that wish to engage, catalyze and in some cases lead domestic and international action. In particular, there are a growing number of cases where environment ministries have played a key role in encouraging finance ministries, financial regulators and market place operators, such as stock exchanges, to incorporate environmental considerations into their market rules.
3. Implementing the Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda will depend on what happens in the world of finance. Implementation will only be possible if private finance swings around substantially behind the agenda. This is true also of the climate agenda. Private capital does not take instruction from governments, so the challenge is to foster a situation where the behaviour that rewards investors is the same as the behaviour that advances sustainable development. UNEP has a role in delivering such a situation post 2015.
4. Nowhere is this more evident than in the field of finance. The climate debate has essentially become a debate on climate finance. Interestingly, UNEP is the UN agency that has the longest experience in considering how to leverage private finance in pursuit of sustainable development. The UNEP Finance Initiative started just after Rio +20 and working with more than 200 partners from the banking, insurance and institutional investor sectors, it has triggered a series of offshoots that are now beginning to come into their own – Principles for Responsible Investment, the Principles for Sustainable Insurance, the Sustainable Stock Exchange Network – to name a few.
5. The UNEP Inquiry is an initiative by UNEP for identifying best practices, and exploring financial market policy and regulatory innovations that would support the development of a green financial system. Its report was launched at the World Bank/IMF annual meetings in Lima last October. The Inquiry is the latest and most ambitious demonstration of UNEP’s capacity for innovation. But its lasting impact will depend very much on its ability to continue innovating. Its current work on formulate a performance framework for sustainable finance

(how to measure if the finance sector is progressing towards sustainable development and at what pace) and on understanding the threats and opportunities associated with the rapid development of financial technology are good examples.

6. Finally, the fact that UNEP has secured the role of Secretariat to the G20 Green Finance Working Group demonstrates its capacity to bring the UN to the world's foremost forum for economic and financial policy making. Indeed, this event marks the first time that the UN has secured an active position in a G20 finance track.
7. The financial system should also play an important role in promoting the green transformation of our economies. The launch of the SDGs and the adoption of the Paris Agreement at the UN Climate Summit, both in 2015, established ambitious targets for transitioning the global economy along a low-carbon, inclusive and sustainable pathway. The key challenge remains how to fund efforts to reach these goals. Significant investments are needed, estimated at US\$5-7 trillion annually.

Potential Messages

8. Transforming the financial system is key to promoting the green transformation of our economies, alongside environmental regulations, pricing reforms, and fiscal policies.
9. Needed urgently is the scaled "industrialization" of green finance, which in turn requires international harmonization of definitions, products and standards.
10. Market-based innovations are supporting the development of green finance, including green bonds and associated principles, definitions and standards, and enhanced risk analysis and disclosure.
11. Public-private collaboration is needed to support the smart design and effective scaling of market innovations and policy measures to advance green finance.
12. Governments – individually but, perhaps more important, collectively – through the G20 and other multi-sectoral platforms can contribute to overcoming current barriers. Robust and predictable policy environments are of critical importance, including everything from adequate enforcement of environmental regulations, to green-smart public procurement and through to country and international action to establish effective carbon pricing regimes. Similarly for policy action in greening financial markets, including:
 13. Broad policy signaling, such as through the Paris Agreement, the universal adoption of the SDGs, and their incorporation into national plans and international processes such as the G20's investment and growth framework.
 14. Specific support in scaling green finance, such as through the development of standards and common metrics, by encouraging development finance institutions to harmonize their approaches to credit enhancement and by ensuring market integrity in the scaling of green finance by requiring effective disclosure and oversight.
 15. Success in scaling depends on achieving the right balance of market and policy action.

There is a need to avoid policies or regulations that would unnecessarily overlay, or even undermine, what the market can achieve alone. That said, market-based innovations can and often need to be complemented, accelerated, or in some cases made possible by policy measures.

Objectives of the Ministerial Luncheon

16. The Ministerial Luncheon is being convened by the Executive Director with the aim of sharing with Ministers of the Environment and heads of delegations highlights of the symposium “Mobilizing Resources for Sustainable Investments” (to be held on Wednesday May 25th), which will address concrete policy options to accelerate the transition to sustainable development by better aligning the financial system to the resilience and the long-term success of the real economy.
17. In addition, the luncheon will involve top private sector CEOs and the heads of several international organizations, who will have participated in the three-day solution-oriented platform of “UNEA: the 2016 Sustainable Innovation Expo” (SIE2016) and the “Business Dialogue for Environmental Sustainability” (to be held from May 23rd to 25th), exploring a range of partnerships that can help catalyse resources and mobilize investment for the economy of tomorrow.
18. The Ministerial Luncheon is being convened by the Executive Director with the aim of sharing with Ministers of the Environment and heads of delegations the highlights of the symposium “Mobilizing Resources for Sustainable Investments” and related events at the 2016 Sustainable Innovation Expo.
19. During this event, UNEP’s Executive Director and special guests will have a unique opportunity to reflect upon the outcomes of these events and trace new directions for public-private sector partnerships at the global level to mobilize investments and green finance to support an inclusive green economy – one that protects ecological boundaries of the planet for future generations.
20. The luncheon, open to Ministers of the Environment and heads of delegation, will position CEOs next to policymakers, allowing them to engage directly and build potential synergies. With governments implementing the 17 SDGs, and trillions of dollars needed to invest in new skills, infrastructure and institutions to deliver on the 2030 Agenda, now is clearly the time to work with business to deliver solutions. But achieving sustainable development will require serious changes in attitudes and a unanimous acceptance that responsibilities – both social and environmental – have to be shared by all stakeholders.
21. The event will also provide an opportunity to highlight the recognition of the essential role played by the private sector in sustainable solutions, innovation, employment and economic development and to build on UNEP’s existing partnerships with them and establish a long-term roadmap for achieving the goals of the 2030 Agenda for Sustainable Development.

22. The event will also include a briefing for Ministers of the Environment on the Inquiry into the Design of a Sustainable Financial System, an initiative by UNEP for identifying best practices, and exploring financial market policy and regulatory innovations that would support the development of a green financial system. The Inquiry has produced a final options report as well as a range of technical papers since its establishment in January 2014. All relevant documents are available <http://web.unep.org/inquiry>. Central to its work has been the engagement of a wide range of policy institutions, initiatives focused on green finance and financial market reform, and practitioners across the financial sector and the business community, as well as civil society and other actors concerned with the green economy and financial markets.

Guiding Questions

23. The dialogue will address three key questions:

- How can Ministers of the Environment and UNEP be catalysts for private-public partnerships and create a practical network to take things forward? More specifically, which are the key elements of successful partnerships to deliver the environmental dimension of the Sustainable Development Goals?
- Which policy innovations from developing and developed countries demonstrate how the financial system can be better aligned with sustainable development?
- Which key actions can now be taken at a national level to shape a sustainable financial system, complemented by international cooperation?

Format and Outcome of the Ministerial Luncheon

24. To ensure an ample participation from ministers and heads of delegations during the limited time available, the session will be organized as an interactive dialogue moderated by the Executive Director. To facilitate the interaction, the Executive Director will call upon invited guest speakers in the course of the luncheon who will shed insights on the main theme and the guiding questions.

25. It is expected that the Executive Director will summarize the key findings of the dialogue during the closing segment of the Assembly.

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Thursday, 26 May 2016

Time	<i>Morning</i>
13:15-14:45	<p>Ministerial Luncheon “Mobilizing Resources and Partnerships for Sustainable Investments”</p> <p>-Mr. Achim Steiner, <i>Under-Secretary General and Executive Director of the United Nations Environment Programme</i> (welcoming remarks and introduction to the format of the dialogue)</p> <p><i>* Following the interventions by the invited speakers, the Executive Director will open the floor and moderate the remaining of the session. The invited speakers will intervene from their tables. *</i></p>